



Colonial Development Corporation

REPORT & ACCOUNTS

1961

REGIONS:

WEST AFRICA

- 1 *Gambia*
- 2 *Sierra Leone*
- 3 *Ghana*
- 4 *Nigeria*
- 5 *Cameroun Republic*

EAST AFRICA

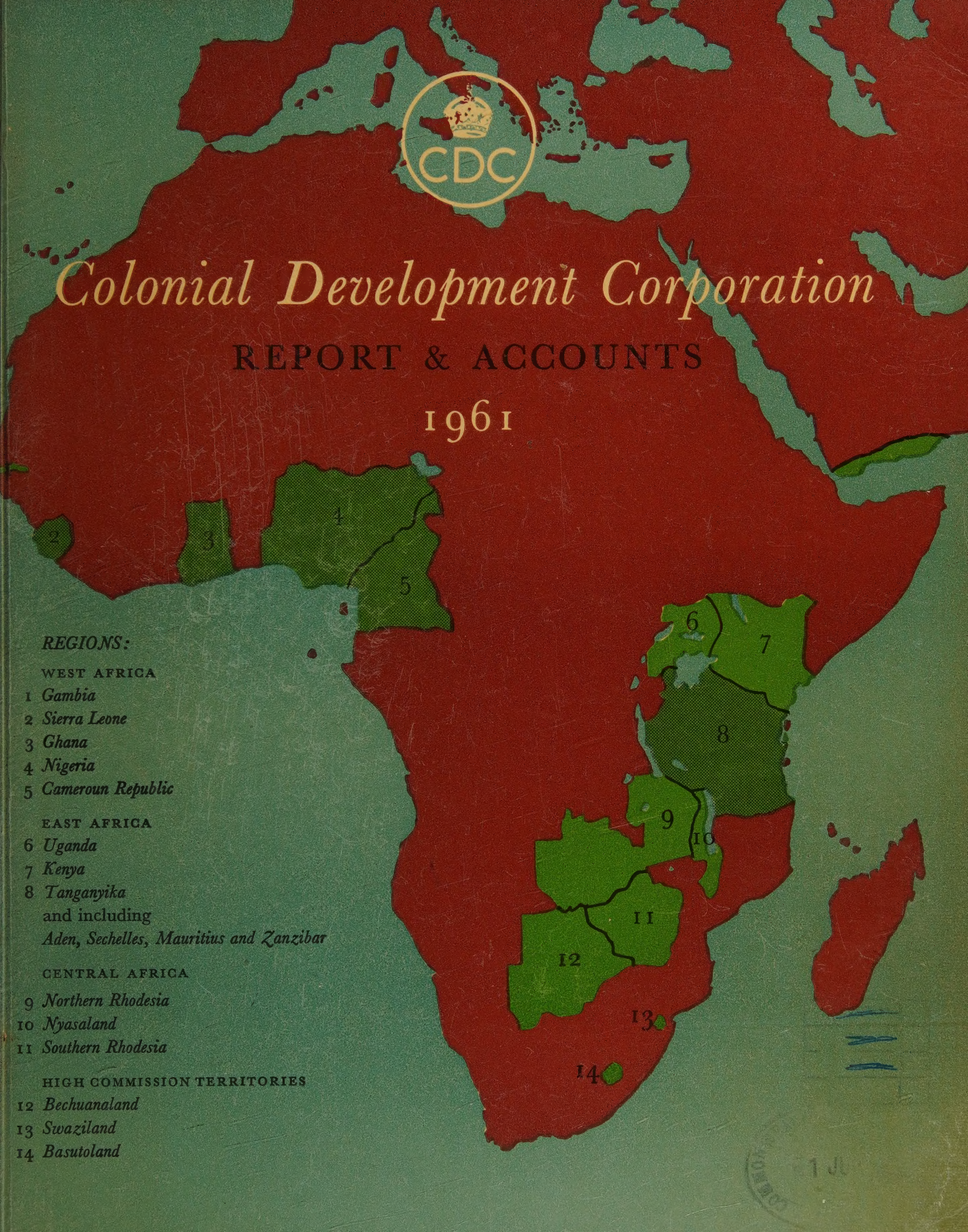
- 6 *Uganda*
- 7 *Kenya*
- 8 *Tanganyika*
and including
Aden, Sechelles, Mauritius and Zanzibar

CENTRAL AFRICA

- 9 *Northern Rhodesia*
- 10 *Nyasaland*
- 11 *Southern Rhodesia*

HIGH COMMISSION TERRITORIES

- 12 *Bechuanaland*
- 13 *Swaziland*
- 14 *Basutoland*





ANNUAL REPORT AND STATEMENT OF ACCOUNTS

for year ended

31 DECEMBER 1961

This Report was presented to Parliament on 11th May 1962
and published as House of Commons Paper No. 201

COLONIAL DEVELOPMENT CORPORATION

COLONIAL DEVELOPMENT CORPORATION

CDC was established by Act of Parliament in 1948. The original and subsequent Acts, setting out the Corporation's functions and responsibilities, were consolidated in the Overseas Resources Development Act, 1959.

CDC was established to assist the economic development of dependent territories of the Commonwealth. Constitutional developments bring it about that CDC now finds itself increasingly operating in territories which have become independent. In such territories CDC may continue projects that were conceived before independence and with the approval of the Secretary of State may commit further funds to expand such projects. With the agreement of the Governments concerned, the Corporation can act as managing agents and render advisory services in any independent Commonwealth country.

CDC is empowered to undertake, either alone or in association with others, projects for the promotion or expansion of a wide range of economic enterprises, including agriculture, forestry, fisheries, mining, factories, electricity and water undertakings, transport, housing, hotels, building and engineering.

CDC is organised to operate commercially and has a statutory obligation to pay its way, taking one year with another.

The Corporation has powers to borrow up to £150m on a long- or medium-term basis and £10m on short-term. It may borrow up to £130m outstanding at any one time from United Kingdom Exchequer funds.

COLONIAL DEVELOPMENT CORPORATION

33 Hill Street,
London W.1
9 May 1962

The Rt Hon Reginald Maudling MP
Secretary of State for the Colonies

The members of the Colonial Development Corporation have the honour to submit their Report and Statement of Accounts for the year ended 31st December 1961.

(Sgd) HOWICK
J. F. PRIDEAUX
A. P. H. AITKEN
JOHN ELLIOT
A. GAITSKELL
OGMORE
C. J. PLEASS
ERIC TANSLEY

MEMBERS

LORD HOWICK OF GLENDALE GCMG KCVO
(Chairman)

J. F. PRIDEAUX OBE
(Deputy Chairman)

A. P. H. AITKEN

SIR JOHN ELLIOT

ARTHUR GAITSKELL CMG

RT HON LORD OGMORE PC TD PMN

SIR CLEM PLEASS KCMG KCVO KBE

SIR ERIC TANSLEY CMG

EXECUTIVE MANAGEMENT BOARD

General Manager: W. RENDELL FCA (Chairman)

IN LONDON

<i>Finance</i>	G. W. TOTMAN FCA
<i>Operations</i>	R. PRENTICE CA H. L. PRYCE FCA G. BOWEN-JONES AACCA
<i>Investigations</i>	P. MEINERTZHAGEN
<i>Solicitor</i>	J. G. CAUNCE MC
<i>Agriculture</i>	R. J. M. SWYNNERTON CMG OBE MC

OVERSEAS

<i>Caribbean</i>	A. C. GRIEVE
<i>Far East</i>	D. E. M. FIENNES
<i>East Africa</i>	P. M. WISE
<i>Central Africa</i>	D. F. FAIRBAIRN
<i>High Commission Territories</i>	J. C. CATER MBE
<i>West Africa</i>	A. T. DE B. WILMOT
<i>Federal Republic of Cameroun</i>	W. A. BELSHAM

REGIONS

CARIBBEAN	British Honduras, British Guiana, Jamaica, Trinidad and all other British West Indies Islands, Bahamas, with the Falkland Islands.
FAR EAST	Brunei, <i>Federation of Malaya</i> , Fiji, Hong Kong, North Borneo, Sarawak, Singapore, Western Pacific Islands.
EAST AFRICA	Aden, Kenya, Mauritius, Seychelles, <i>Tanganyika</i> , Uganda, Zanzibar.
CENTRAL AFRICA	Federation of Rhodesia and Nyasaland.
HIGH COMMISSION TERRITORIES	Basutoland, Bechuanaland Protectorate, Swaziland.
WEST AFRICA	<i>Federation of Nigeria</i> , <i>Ghana</i> , <i>Sierra Leone</i> and The Gambia. <i>Federal Republic of Cameroun.</i>

Independent countries are in italics

Mr H. A. Cochran (Operations Controller) retired on 13.1.62

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I

GENERAL REVIEW

PROJECTS AT 31.12.61

CAPITAL DISTRIBUTION BY REGION, INVESTMENT

AND FUNCTION

FINANCIAL STRUCTURE

SOURCES OF CDC FINANCE

NEW PROJECTS

SCOPE OF OPERATIONS

FUTURE SCOPE OF OPERATIONS

WHAT KIND OF PROJECTS?

LOCAL INDUSTRIAL DEVELOPMENT AGENCIES

FINANCE AND MANAGEMENT

ACKNOWLEDGEMENTS

The Report and Accounts are for the year ended 31st December 1961, but later information has been included where it is significant. The form of the accounts has been altered this year to give effect to the changes in financial arrangements between HMG and the Corporation announced by the Secretary of State for the Colonies in April 1961: arising from the changed arrangements, deferred Government interest currently accruing in 1961 has been charged for the first time in the accounts to the extent of £800,000 approximately instead of being recorded in a note on the balance sheet.

1 Projects

(1) At 31.12.61 there were 102 approved projects. Thirteen new projects were approved by the Board and one existing project was split into two projects. Four were removed from the list of continuing projects.

(2) The thirteen new projects involving maximum approved investment of £10,307,000 are—

<i>Region</i>	<i>Project</i>	<i>Approved CDC Investment £</i>
Caribbean	Trinidad Mortgage Agency Co Ltd	1,970,000
Far East	Electra House Ltd (Kuching)	155,000
	Limbang Oil Palm Pilot Scheme (Sarawak)	5,000
	Fiji building society	180,000
	Pacific Lumber Co Ltd (Fiji)	181,000
	Property Development (Industrial) Ltd (Hong Kong)	250,000
East Africa	First Permanent (East Africa) Ltd	1,000
	Land Development and Settlement Board (Kenya)	1,500,000
	Tanganyika development company	500,000
	Tanganyika Extract Co Ltd	65,000
Central Africa	Northern Rhodesia African Housing	1,000,000
High Commission Territories	Swaziland Iron Ore Development Co Ltd	250,000
	Swaziland Railway Board	4,250,000
		£10,307,000

Particulars are given among the project reports as Part III.

(3) Supplementary approval for £510,000 further investment in existing projects has been obtained.

(4) Four projects are now no longer included:

Macalder-Nyanza Mines Ltd—abandoned project; as reported in 1960 operations are being run-down on a maximum realisation basis.

High Commission Printing & Publishing Co Ltd—loan repaid.

Omo Sawmills of Nigeria Ltd—investment sold to local timber interests.

Tristan da Cunha Development Co Ltd—investment sold to South African fishing interests which originally sponsored the project.

(5) CDC has wholly owned subsidiaries in several of the territories in which it operates. They are not included in the list of projects nor are they given a project report unless the particular circumstances justify separate mention—eg, Fiji Development Co Ltd.

(6) The following table sets out all continuing projects at 31.12.61 grouped by regions and territories with a total figure of estimated commitments as approved for each region. The aggregate of total commitments for the regions as shown was £115,770,000 (1960 £109,448,000).

ESTIMATED TOTAL CAPITAL INCLUDING A LIST OF CONTINUING

Caribbean Region

Caribeach Ltd

BARBADOS

Barbados Light and Power Co Ltd

BRITISH GUIANA

British Guiana Rice Development
Co Ltd

British Guiana Timbers Ltd

BRITISH HONDURAS

British Honduras Fruit Co Ltd
(citrus and cocoa)

Fort George Hotel

DOMINICA

Dominica Electricity Services
Melville Hall Estate

GRENADA

Grenada Electricity Services Ltd

JAMAICA

Caribbean Housing Finance Cor-
poration Ltd

Cayman Islands Corporation

Jamaica Citrus Growers Ltd

Jamaica Cooling Store

Jamaica Housing Development
Co Ltd

Jamaica Pottery Ltd

Jamaica Public Service Co Ltd

ST VINCENT

St Vincent Electricity Services

TRINIDAD

Federation Chemicals Ltd

Trinidad Cement Ltd

Trinidad Mortgage Agency Ltd

**Estimated CDC investment in the
region £16,454,000**

Far East Region

BORNEO TERRITORIES

Borneo Abaca Ltd

Borneo Development Corporation
Ltd

Borneo Housing Development Ltd

Electra House Ltd

*Limbang Oil Palm Pilot Scheme

Mostyn Estates Ltd

FEDERATION OF MALAYA

Central Electricity Board

Federal Land Development Authority

Johore Palm Processing Ltd

Kulai Oil Palm Estate

Malaya Borneo Building Society Ltd
(also operates in Singapore)

Malayan Cocoa Ltd

Malayan Industrial Development
Finance Co Ltd

United Cocoa Development Co Ltd

Fiji

Fiji Development Co Ltd

Fiji building society

Pacific Lumber Co Ltd

HONG KONG

Property Development (Industrial)
Ltd

SINGAPORE

Singapore Factory Development
Ltd

**Estimated CDC investment in the
region £20,315,000**

East Africa Region

East Africa Development Corpora-
tion Ltd

First Permanent (East Africa) Ltd

KENYA

Block Hotels Ltd

East Africa Industries Ltd

Kenya Central Housing Board

Kenya Meat Commission

Kenya Power Co Ltd

Land Development and Settlement
Board

Nyambeni Tea Co Ltd

Oceanic Hotel Ltd

Special Crops Development Authority

Unga Ltd

COMMITMENTS OF THE CORPORATION

PROJECTS BY REGIONS AND TERRITORIES AT 31.12.61

TANGANYIKA

Bird & Co (Africa) Ltd
Kilombero Sugar Co Ltd
*Liganga Iron Ltd
Maramba Estate Ltd
*Mbeya Exploration Co Ltd
*Rungwe Coal Co Ltd
*Tanganyika Coalfields Ltd
Tanganyika development company
Tanganyika Electric Supply Co Ltd
Tanganyika Extract Co Ltd
Tanganyika Millers Ltd
Tanganyika Wattle Co Ltd
Tangold Mining Co Ltd

UGANDA

Kilembe Mines Ltd

Estimated CDC investment in the region £22,484,000

Central Africa Region

FEDERATION OF RHODESIA AND NYASALAND

Central African Airways Corporation
Federal Power Board (Kariba)
Industrial Promotion Corporation of Rhodesia & Nyasaland Ltd

NORTHERN RHODESIA

Chilanga Cement Ltd
Northern Rhodesia African Housing

NYASALAND

Kasungu Tobacco Estates
Mudi River Water Board
Nyasaland African Housing
Vipya Tung Estates

SOUTHERN RHODESIA

Southern Rhodesia African Housing

Estimated CDC investment in the region £22,743,000

* Investigations

Total estimated CDC investment for continuing projects at 31.12.61

High Commission Territories Region

BECHUANALAND

Bechuanaland Protectorate
Abattoirs Ltd
Bushman Pits Ranch
Molopo Ranch
Nata Ranch
Panda-ma-Tenga Ranch

SWAZILAND

Mhlume (Swaziland) Sugar Co Ltd
Swaziland Irrigation Scheme
Swaziland Iron Ore Development Co Ltd
Swaziland Railway Board
Usutu Pulp Co Ltd

Estimated CDC investment in the region £20,347,000

West Africa Region

GHANA

Coast Construction Co Ltd

FEDERATION OF NIGERIA

Coast Construction (Nigeria) Ltd
Dorman Long & Amalgamated Engineering Ltd
Ikeja Industrial Development
Ilushin Estates Ltd
Industrial and Agricultural Co Ltd
Investment Company of Nigeria Ltd
Lagos Executive Development Board
Nigeria Hotels Ltd
Nigeria Housing Development Society Ltd
Nigerian Cement Co Ltd
Northern Developments (Nigeria) Ltd
Northern Housing Estates Ltd

SIERRA LEONE

Freetown Hotel Ltd
Guma Valley Water Company
Sierra Leone Investments Ltd

FEDERAL REPUBLIC OF CAMEROUN

Cameroons Development Corporation

Estimated CDC investment in the region £13,427,000

£115,770,000

2 Capital distribution by region, investment and function

(1) The diagram (Fig 1) shows the regional distribution of capital committed and spent on continuing projects at 31.12.61.

(2) The graph (Fig 2) shows the growth in capital commitment and expenditure on continuing projects as follows—

(a) The growth in total commitment is shown by the top line of the graph: at 31.12.61 this amounted to £115,770,000 (1960 £109,448,000). The increase of £6,332,000 (1960 increase £13,303,000) represents capital approved for new projects and additional capital for existing projects less deductions reflecting a current reassessment of CDC commitments on other projects.

(b) The growth of total capital expenditure is shown by the second line of the graph: at 31.12.61 this amounted to £84,317,000 (1960 £65,454,000) being an increase of £18,863,000 (1960 increase £5,533,000). The shaded areas show building from the bottom upwards a breakdown of capital expenditure analysed between investments in direct projects and subsidiary companies, other commercial and industrial investments and loans to governments and statutory bodies.

(3) Diagram (Fig 3) shows the functional classification of capital committed and spent on continuing projects at 31.12.61 with the position at 31.12.60 compared.



Fig. 1

CONTINUING PROJECTS CAPITAL APPROVED AND SPENT BY REGIONS

	<i>Committed</i>	<i>Spent</i>
	£000's	£000's
Caribbean	16,454	11,992
Far East	20,315	15,871
East Africa	22,484	16,361
Central Africa	22,743	20,332
High Commission Territories	20,347	15,057
West Africa	13,427	4,704
TOTAL	115,770	84,317

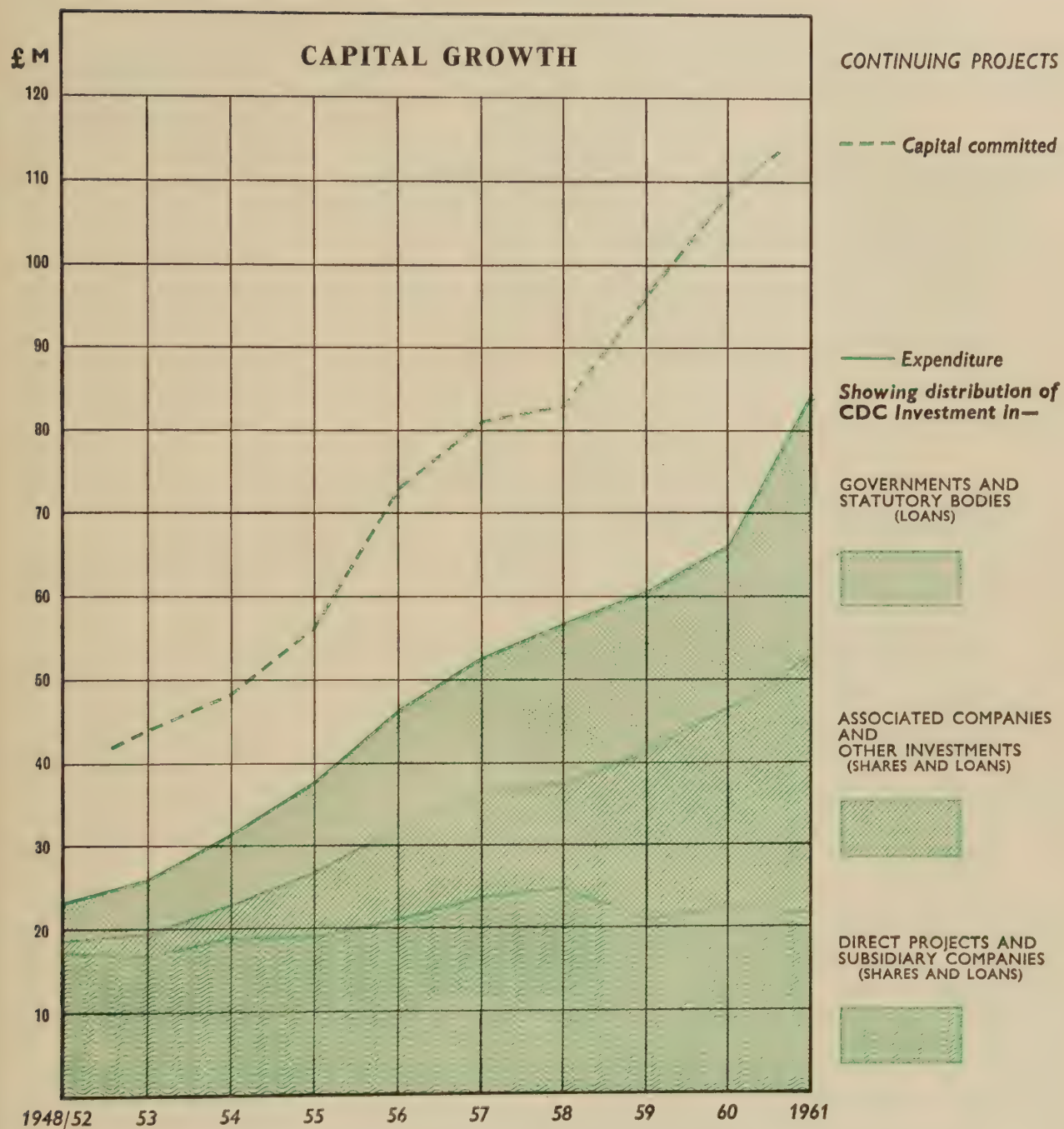


Fig. 2

FUNCTIONAL DISTRIBUTION OF CONTINUING PROJECTS

1960 and 1961 compared

Capital committed (solid area shows amount spent)

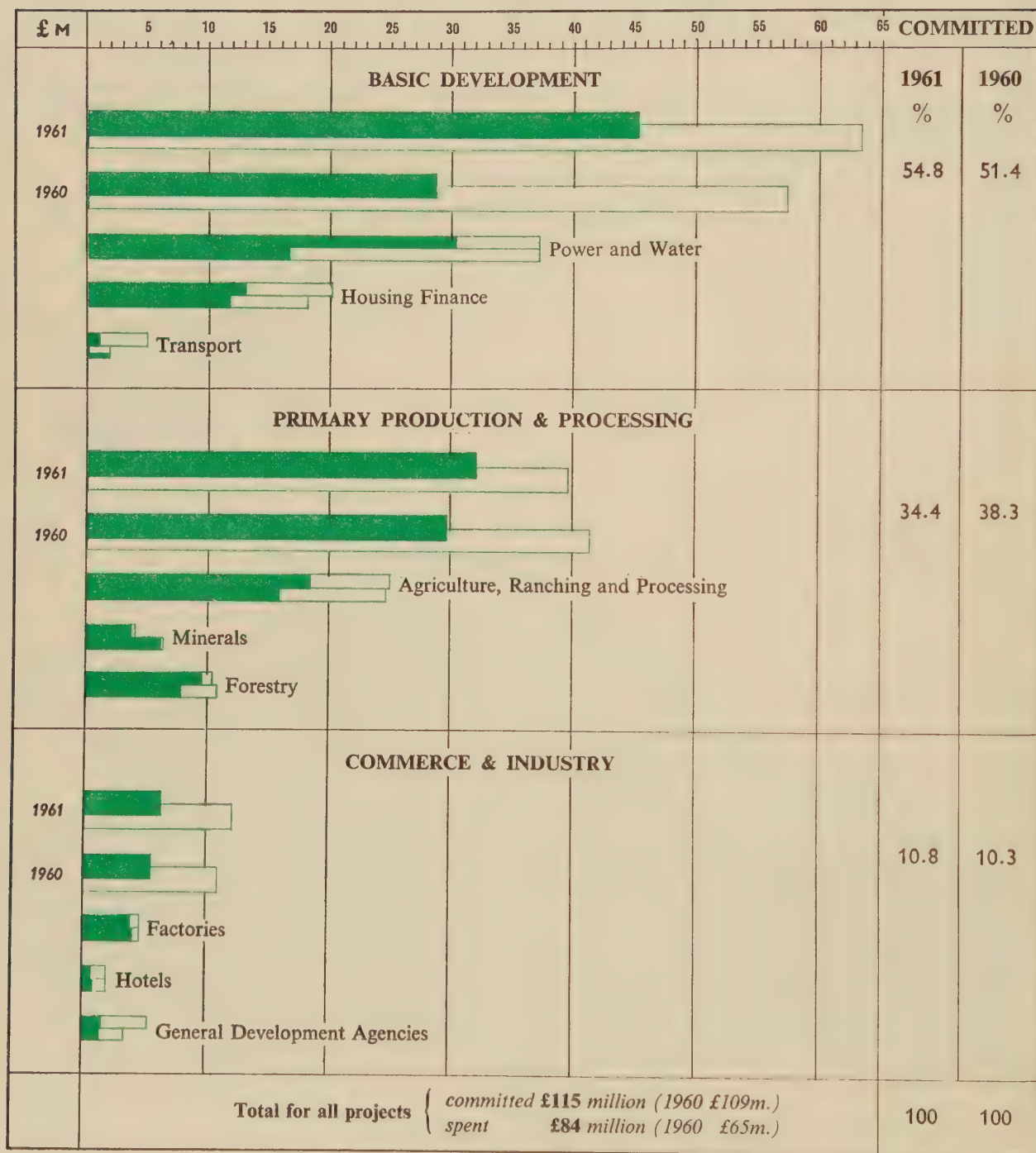


Fig. 3

3 Financial structure

(1) Arising out of the Report of the Committee of Enquiry into the Corporation's financial structure under Lord Sinclair of Cleve's chairmanship, the Secretary of State for the Colonies made a statement in the House of Commons on 27th April 1961, announcing the changes which the Government had decided to introduce affecting the financial liabilities of CDC to the Exchequer. These changes were in brief—

(a) As to the past, the CDC debt to the Exchequer (estimated at £9m) in respect of Treasury advances invested in wholly abandoned projects and thereby lost, is frozen and placed in a special account. Similarly the accumulated fructification interest (estimated at £11m at 31.12.60) which would have been payable by CDC by instalments over the next 30 to 40 years is frozen and placed in the same account (para 13). An obligation to pay off the amount in this special account remains, annual repayments being calculated according to a formula related to CDC profits each year. The formula provides that CDC would be entitled to retain the first £250,000 of annual profit but would be obliged to pay to the Treasury 60% of any excess: annual profits for the purpose of the formula are as shown in CDC profit and loss account except that the deduction for Treasury interest is to be restricted to the amount currently payable excluding any provision for fructification interest currently arising. Finally the working of the arrangement is to be reviewed after three years.

(b) As to the future, conditions relating to deferment of interest payments by CDC on Exchequer long-term advances are made more stringent being restricted to "equity type" investments by CDC, narrowly defined. In addition repayment terms for advances used by CDC for "loan type" investments are to be tightened up to match the contractual obligations of CDC's debtors.

(2) CDC had hoped that the Government might have seen its way to adopt the Sinclair Committee's recommendations as to the write-off of the early losses comprising the Special Losses Account and the provision of some part of the CDC financing in the form of equity capital or its equivalent in recognition of the risk-bearing nature of much of CDC's investments. However, the Corporation recognises the value of the concessions which have been made and is grateful for them. It has also acknowledged that the new arrangements, to which CDC has itself contributed by accepting stricter terms for the future, will provide a sounder, stronger and more realistic basis for its future operations than has obtained hitherto.

4 Sources of CDC finance

The British Exchequer remains the chief source of CDC finance: but the figures set out in para 14(2) of the report show that a not inconsiderable and steadily increasing part of CDC investment is being financed either by self-generated funds or by loans from sources other than the Exchequer. The CDC ability to borrow from outside sources has indubitably been strengthened by the promulgation of the Government's decision reported in para 3 which has swept away uncertainties about the CDC capital structure: it also owes much to the better operating results now regularly being repeated by the Corporation. Outside borrowings by CDC for general purposes, as opposed to borrowing by individual projects which has always been a feature of CDC operations, are as yet for relatively short terms but it is hoped that as the practice becomes established borrowing for longer periods will be practicable. A widening of the scope of such outside borrowings naturally becomes of increasing importance as CDC commitments approach the £130m ceiling of permitted Treasury long-term advances.

5 New projects

(1) With 13 new projects approved in 1961 for a total commitment of £10,307,000, CDC has achieved a notable landmark in exceeding a total of one hundred projects for the first time, and the diversity of new projects again illustrates the wide range of CDC activities and the variety of arrangements associating CDC with other financial interests. The 1961 list includes agricultural, forestry and mining projects, a local development agency, housing finance and property development and, a new departure for CDC, a railway project. Among those associated with CDC in these projects are territorial governments and the Federal Government of Germany, the International Bank, well known banks, insurance and commercial companies from Britain, Canada, South Africa, New Zealand and Hong Kong.

(2) Particularly notable projects this year are the loan to the Land Development and Settlement Board in Kenya in association with the International Bank for settling Africans in the former White Highlands, and the investments in the railway and iron ore development schemes in Swaziland in association with the Anglo American Corporation of South Africa. CDC is happy to be associated with a number of banking and insurance companies in the financing of the Trinidad Mortgage Agency Co Ltd while in Hong Kong, a territory which CDC is pleased to be helping for the first time, there is a scheme for assisting the small industrialist by the provision of flatted factories in association with a well known Hong Kong financial house.

6 Scope of operations

An adjusted estimate of CDC gross commitments at 31.12.61 on continuing projects gives a total of nearly £116m to which must be added £9m in respect of Treasury drawings against abandoned projects when assessing CDC room for manoeuvre within its present £130m ceiling for long-term Treasury drawings. As indicated in para 14(2) there is good reason for believing that CDC can now finance some substantial part of future investments from sources other than Treasury drawings. Indeed, taking into account the repayments and revenue which are now accruing to CDC, the possibility of a run-down in CDC operations caused by its being cut off in territories now becoming independent, despite their continued need for CDC help, causes more immediate concern than that CDC should be forced to restrict new business due to shortage of funds. As an indication of how CDC is being affected, the total of new projects under serious consideration fell from 38 at 31.12.60 to 26 at 31.12.61. The latter figure takes no account of schemes under investigation by local development companies under CDC control which to some extent but not entirely fill the gap (see para 9).

7 Future scope of operations

In April last year the Secretary of State for the Colonies said in answer to a question in the House of Commons that in view of the shrinking number of Colonial territories the present terms of reference in independent territories would need to be reviewed in the future. This is an important and welcome decision for the Corporation. The work of review is now proceeding.

8 What kind of projects?

(1) New schemes to be seriously considered by CDC need to satisfy a number of tests. Once compliance is established with the Corporation's normal powers, priority is increasingly given to schemes which help the inhabitants of the country to establish themselves as members of an economically self-supporting and ordered community. Agricultural smallholder projects, house-

holder mortgage finance companies and local industrial development agencies all serve this purpose and are well represented in the CDC list of projects. The smallholder schemes are not only designed to fulfil this purpose but through them production of palm oil in Malaya (Federal Land Development Authority), tea in Kenya (Special Crops Development Authority), tobacco at Kasungu in Nyasaland and sugar in Swaziland should also produce an increasing volume of cash exports. In the industrial field, the Singapore Factory Development scheme is a successful example of a development agency which through the financing of new factories is providing more employment and helping the industrialisation of this highly populated island.

(2) The success of these schemes will however depend in the long run on other aspects of the territorial economy reaching a certain level of development: basic development such as power and water supplies and transportation, nucleus agricultural estates to investigate and establish the cultivation and management techniques which are appropriate to smallholder crops, and production industries to generate the cash exports to service the necessary capital investment from overseas. Such projects also enjoy high priority with CDC. It will be seen from Fig 3 that CDC projects are divided both as to commitments and money invested roughly 55% basic development and 45% production, commerce and industry. If the £4.25m commitment for the Swaziland Railway was switched from the first group to the second, as its connection with the Iron Ore mining project might justify, the division would be approximately half and half. The CDC £39m investment in productive and processing enterprises was associated in 1961 with a turnover at the rate of over £30m of which goods worth £17m were exported from the territories concerned.

9 Local industrial development agencies

(1) During 1961, CDC approved investments in Tanganyika development company in association with the Tanganyika Government and the Federal Government of West Germany, and in Property Development (Industrial) Ltd with a leading Hong Kong concern. This brought CDC total commitment to £5,786,000 in 14 projects of this kind: not counting the wholly owned subsidiaries of which CDC has registered a number with territorial names to carry on agency business. Local development companies (or banks) tend to fall into two categories—those which are largely private enterprise financed and private enterprise controlled and those which are controlled by Governments or Government agencies. Instances of the former in the CDC portfolio are Malayan Industrial Development Finance Ltd, Industrial Promotion Corporation of Rhodesia and Nyasaland Ltd and Investment Company of Nigeria Ltd, in each of which CDC has a relatively small shareholding. Instances of the latter are Industrial and Agricultural Co Ltd (Eastern Nigeria) and Northern Developments (Nigeria) Ltd, Singapore Factory Development Ltd, Borneo Development Corporation Ltd—and now Tanganyika development company, in all of which CDC is associated or about to be associated with the territorial Governments: CDC usually—but not always—has a majority shareholding and responsibility for management.

(2) In CDC experience each type of agency can play a most useful part in appropriate circumstances but it has to be recognised that at the present time worth-while private enterprise investment in such agencies cannot be expected in many territories in which CDC operates. This poses a difficult problem when Government type agencies, having committed their original capital, must look for further funds. The local governments are normally short of finance and Government controlled development agencies in the newer territories usually find it difficult to obtain adequate assistance from the international agencies. The CDC-controlled Nigerian development companies have begun to go ahead after a slow start and the problem of additional finance is beginning to loom large so far as Northern Developments (Nigeria) Ltd is concerned.

10 Finance and management

(1) CDC is unique in that it alone of the metropolitan governmental development agencies maintains a permanent resident organisation in the areas in which it operates. This fact has consequences beyond the obvious aspect that CDC should be better placed to keep in touch with local circumstances and views. We believe that the presence of CDC staff on the spot, ready to share the risks of local ventures by equity investment, engenders a sense of partnership not present where development finance is provided only as block loans from abroad. And certainly the maintenance of CDC offices and staffs in times of rapid political change provides an essential element of economic continuity, the value of which was amply demonstrated in West Cameroun in the latter part of 1961.

(2) CDC itself managed, or at least carried some responsibility for the management of, more than half of the 102 continuing projects which had been approved at 31.12.61. The extent of the management organisation which this implies is seldom realised. It is CDC's view, which has received support by recent action of the IBRD in establishing a new Development Advisory Service that in many territories it is not enough to lend money and provide (possibly) technical assistance. If the money is to be spent effectively help must be given in the first instance with management from overseas. Thereafter, every effort should be made to train local men for executive posts of responsibility. CDC has been successful in this direction in the Far East where local men are managers of three projects and 35% of the senior staff on the Borneo Abaca Ltd estates are from the territory. In the Caribbean and West Africa the same trend can be reported. In other parts of Africa, where African educational standards are not as high yet as in the other regions, CDC is concentrating as a first step on providing scholarships at agricultural and technical colleges and on project training schemes.

11 Acknowledgements

(1) The Board of the Corporation again wishes to record its grateful thanks to all its staff for their loyal and competent service. At the present time CDC overseas staff often live and work under conditions of some difficulty and anxiety. Their contribution to the successful results of the year is particularly acknowledged.

(2) The Board thanks the Secretaries of State and the staffs of the Colonial Office and the Commonwealth Relations Office for the help received during the year: it is also grateful to the overseas governments and its commercial associates for their continued co-operation in 1961.

II

FINANCIAL REPORT

ACCOUNTS FOR 1961

CAPITAL ADJUSTMENTS

BALANCE SHEET

ASSETS OF THE CORPORATION

PROFIT AND LOSS ACCOUNT

12 Accounts for 1961

Accounts and supporting statements for year to 31.12.61 comprise:

- Statement 1 Balance Sheet of the Corporation
- 2 Notes forming part of the Accounts
- 3 Profit and Loss Account of the Corporation
- 4 Details of projects supporting Profit and Loss Account
- 5 Assets and liabilities of direct projects
- 6 Investments at cost less amounts written off
- 7 Investments in and loans and advances to subsidiary companies at cost less amounts written off
- 8 Combined statement of assets and liabilities of subsidiary companies
- 9 Assets and liabilities of subsidiary companies
- 10 Combined statement of profit and loss accounts of subsidiary companies

13 Capital Adjustments

(1) The most notable changes in the Balance Sheet are those implementing the Government decisions in April 1961 on changes to the terms on which CDC gets its loan capital from the Exchequer.

(2) A new Deferred Liability to Government Account £20,000,000 has been included below Capital Liability to Government and £9,022,166 has been transferred from the latter account, representing the agreed amount of capital advances lost in wholly abandoned projects to 31.12.60. There has been added an amount of £10,977,834 in respect of fructification interest accumulated to 31.12.60 (which has previously been reported in a note on the balance sheet but not brought into the accounts). The full ascertained figure is £11,082,304 but a deduction of £104,470 has been made in order that the total of the Deferred Liability Account should be rounded down to the £20m included in the Government statement, and this amount is shown under Provisions.

(3) On the other side of the balance sheet a new Capital Adjustment Account £20,104,470 has been included. To this account has been transferred the balance of the former Special Losses Account after adjustments set out in Note 5 to the Balance Sheet in order to reduce it to the same figure £9,022,166 as has been agreed with HMG for lost capital advances transferred to Deferred Liability Account. The difference of £977,627 has been dealt with by—

(a) reinstating the original cost value of the CDC investment in Borneo Abaca Ltd, which was written down in the years 1953 and 1955 but which has subsequently been established as a successful and profitable project	£647,754
(b) applying an over provision in the 1960 accounts for British Government interest which has resulted from the capital changes	305,426
(c) charging the balance to Profit and Loss Account	24,447
	£977,627

(4) There has also been included in the Capital Adjustment Account the full amount £11,082,304 of the fructification interest ascertained at 31.12.60.

(5) Note 7 indicates that £394,438 will be due to Government as the current year's repayment instalment of the Deferred Liability Account representing 60% of £657,397 calculated as follows—

Balance for the year carried down	£32,166
Add interest charged but not currently payable (£1,275,231—£400,000)	875,231
	907,397
Less minimum amount retainable by CDC	250,000
Amount divisible between HMG and CDC	£657,397

14 Balance Sheet

(1) There was an increase during the year of £18,717,165 in capital liability to Government which was a net figure as under—

Gross drawings during year	£20,506,000
Less repayments	1,788,835
Net Treasury drawings	£18,717,165

(2) As already stated in para 2, CDC investment expenditure during the year was about £23.7m (1960 £7.8m) of which £12,050,000 represented drawings by Federal Power Board to complete the Kariba loan. The £5m excess of investment over net Treasury drawings was financed approximately as under (with 1960 comparative figures)—

	1961	1960
	£m	£m
1 Repayment of investments received under contract	0.9	0.8
2 Operating surplus of the Corporation	3.5	2.4
3 Sales of shares and debentures	0.2	0.3
4 Retained profits of subsidiaries and depreciation provisions	0.5	0.5
5 Borrowings from sources other than HMG	1.8	0.7
	6.9	4.7
Less interest payments to Government made during the year	1.9	1.2
	£5.0m	£3.5m

(3) Provisions against book value of projects and investments are shown in one figure £2,350,000 as compared with two headings for specific and general provisions (1960 total £1,950,000) since the distinction no longer seems useful. Specific provisions were held against CDC investments in five companies mentioned by name last year. Of these, the shareholdings in Tristan da Cunha Development Co Ltd, Omo Sawmills of Nigeria Ltd and Coast Construction (Nigeria) Ltd have been sold on terms which resulted in a net surplus after crediting the provisions. Provisions against the investments in Malayan Cocoa Ltd and United Cocoa Development Co Ltd are retained and it has been thought prudent to increase the total amount of provisions to £2,350,000 with particular reference to the prospects of further losses in connection with the CDC investments in mining projects and investigations in East Africa.

(4) A £1,275,231 provision has been made for fructification interest arising in 1961. Previously fructification interest was not brought into the accounts until it became payable over the deferred 33 year period, but it has been thought sounder to take the opportunity of the capitalisation of fructification interest accumulated up to 31.12.60 to start making current provision in the annual accounts for this item instead of continuing the practice of stating in a balance sheet note the amount accumulating but not yet payable. A provision will now be made for the full amount but a charge will be made in the annual profit and loss account only to the extent that the relative drawings have been invested in assets or investments which have reached the productive stage of development and provide revenue. Estimates have been made by the Corporation which indicate that current interest attributable to assets of direct projects and investments represented by assets not yet in production was approximately £400,000 and this amount has been carried forward in the Balance Sheet, leaving a charge of £875,231 to Profit and Loss Account.

15 Assets of the Corporation

(1) Details of investments at cost less amounts written off are shown in Statement 6. Total book value has increased during the year by £19,040,182 to £62,364,204. The main factors in this increase were completion of drawings by the Federal Power Board (Rhodesia) against the Kariba loan £12,050,000, drawings against loans to Cameroons Development Corporation £450,000, Federal Land Development Authority (Malaya) £600,000, and Special Crops Development Authority (Kenya) £300,000; additional subscriptions in shares and loans of Usutu Pulp Co £2,681,000 and Kilombero Sugar Co £692,000; further advances against loans to East Africa building societies £1,180,000, Jamaica Public Service Co £1,200,000 and first advances against the Tanganyika Electric Supply Co loan £280,000. There were also smaller additional investments and the book values of a number of investments were reduced by repayment instalments.

(2) Details of investments in, and loans and advances to, subsidiary companies are shown in Statement 7. The total book value has increased during the year by £2,344,008 to £14,350,196. The main elements in the increase are additional advances to Caribbean Housing Finance Corporation Ltd £1,125,000 and Nigeria Housing Development Society Ltd £566,000, the new investment in Grenada Electricity Services Ltd £173,000 and a £869,000 increase in the book value of CDC's investment in Borneo Abaca Ltd. This last item is due as to £648,000 to the Corporation's decision to reinstate the original book value (para 13(3)) and as to £221,000 to increased advances to finance replanting of the rubber estates. On the other hand, the investments in Omo Sawmills of Nigeria Ltd £202,000 and in Tristan da Cunha Development Co £130,000 have been sold and investments have been reduced in Macalder-Nyanza Mines £115,000 and British Guiana Timbers Ltd £92,000.

(3) Amounts totalling £860,000 (1960 £800,000) have been received during the year in repayment of loans and redemption of preference shares according to contract. Deferment of repayment instalments totalling £982,217 has been agreed in respect of loans to British Guiana Rice Development Co Ltd and Tangold Mining Co Ltd. Apart from these items, all capital repayments were received according to contract.

16 Profit and Loss Account

(1) Net profits of direct projects, income from subsidiary companies and income from investments, managing agency fees, etc increased by £1,047,061 to £3,993,772 (1960 £2,946,711). All headings, in fact, recorded increases; the apparent decrease in managing agency fees etc £36,126 being due to a changed basis of allocation of head office and regional office expenditure.

(2) All interest receivable by the Corporation in 1961 under loan agreements has been duly paid except for interest due from Tangold Mining Co Ltd. Dividends have been credited only where formally approved before date of these accounts.

(3) Interest currently payable to Government increased by £290,090 to £2,028,265 (1960 £1,738,175). As stated in para 13(2) it has been decided to bring currently accruing fructification interest into the accounts for the first time; together with currently payable interest it makes a total of £3,303,496 of which it has appeared justifiable, for reasons explained in para 14(4), to carry forward £400,000 resulting in a total charge against the year's surplus of £2,903,496 for Government interest. There is finally left on Profit and Loss Account a small balance of £7,719 to be appropriated to Reserve Fund.

THE ACCOUNTS

Balance Sheet

31.12.60			
£		£	£
	CAPITAL LIABILITY TO GOVERNMENT		
51,247,044	Long term advances	54,725,232	
5,983,668	Medium term advances	6,558,668	
951,000	Short term advances	891,000	
10,541,155	Special term advances	25,265,132	
68,722,867		87,440,032	
	Less advances transferred to Deferred Liability Account	9,022,166	78,417,8
	DEFERRED LIABILITY TO GOVERNMENT		
	Advances transferred as above	9,022,166	
	Fructification interest to 31.12.60 (part)	10,977,834	20,000,
	CURRENT LIABILITIES		
148,388	Amounts owing to subsidiary companies	46,542	
1,248,806	Current accrued interest on Government advances	1,030,269	
631,263	Creditors, accrued charges and taxation	368,273	
	Bank overdrafts and short term loans	2,011,689	3,456,
1,950,000	PROVISIONS		3,729,
	Provision against book value of projects and investments	2,350,000	
	Provision for fructification interest—		
	Balance to 31.12.60	104,470	
	Year to 31.12.61	1,275,231	
		1,379,701	
		3,729,701	
	RESERVE FUND		
	Balance at 1.1.61	42,527	
	Add balance of surplus transferred from Profit and Loss Account (statement 3)	7,719	50,
42,527			
	Relevant notes on statement 2 form part of this Balance Sheet		
	(Signed) HOWICK Chairman		
	J. F. PRIDEAUX Deputy Chairman		
	W. RENDELL General Manager		
£72,743,851			£105,654,

Report to the Colonial Development Corporation by the Auditors appointed under Section 17

We have audited the above Balance Sheet and annexed Profit and Loss Account (statement 3) and have obtained all the information necessary for our audit. The Accounts are in agreement therewith.

In our opinion the Balance Sheet and Profit and Loss Account, together with the notes on statement 2, give respectively a true and fair view of the state of affairs of the Corporation and of its results for the year ended 31st December 1961.

We have examined the Group Accounts comprising the audited accounts of the Corporation and Combined Statement of the Audited Accounts. The Accounts of certain of the subsidiary companies have been audited by other firms. In our opinion the Group Accounts and also of the subsidiary companies so far as concerns the Corporation.

11 Ironmonger Lane, London, E.C.2.

1st May, 1962.

31.12.61

STATEMENT 1

31.12.60		Cost less Sales	Depreciation and amounts written off	
£		£	£	£
	FIXED ASSETS			
	Freehold and leasehold land, plantations, concessions, buildings and constructions	5,300,284	1,002,159	4,298,125
4,997,504	Plant and machinery	730,739	237,111	493,628
374,941	Ships and vessels	4,764	1,802	2,962
2,809	Land clearance equipment, tractors and agricultural equipment	167,329	121,879	45,450
53,558	Motor vehicles and rolling stock	92,246	61,814	30,432
24,832	Furniture, fixtures, office and hotel equipment	207,994	136,435	71,559
66,496		<u>6,503,356</u>	<u>1,561,200</u>	<u>4,942,156</u>
4,620,140				
34,803	PROGRESS PAYMENTS ON FIXED ASSETS			—
	EXPENDITURE ON DEVELOPMENT INCLUDING REVENUE EXPEN- DITURE CARRIED FORWARD AT COST LESS AMOUNTS WRITTEN OFF			
121,639	Land clearance		135,984	
	General development, surveys and revenue expenditure carried forward		486,641	
442,997	Interest for year carried forward (note 6)		400,000	
				<u>1,022,625</u>
	INVESTMENTS AT COST LESS AMOUNTS WRITTEN OFF			
3,549,553	Quoted (market value £2,979,458 1960 £2,237,500)		3,777,053	
9,774,469	Unquoted		58,587,151	
				<u>62,364,204</u>
	SUBSIDIARY COMPANIES			
7,936,662	Shares at cost less amounts written off (note 5)		7,774,518	
4,069,526	Loans and advances less amounts written off		6,575,678	
				<u>14,350,196</u>
0,549,789				<u>82,679,181</u>
	CURRENT ASSETS			
	Stocks, stores and livestock at cost or market value whichever is lower or at valuation		676,302	
629,393	Growing crops at cost or valuation		100,822	
60,677	Interest and dividends receivable on investments		1,048,661	
802,574	Debtors and prepayments less provisions		613,628	
468,507	Cash at banks and in hand		431,522	
233,118				<u>2,870,935</u>
	CAPITAL ADJUSTMENT ACCOUNT			
9,999,793	Special Losses Account Balance at 31.12.61 (note 5)		9,022,166	
	Fructification interest to 31.12.60		11,082,304	
				<u>20,104,470</u>
2,743,851				<u>£105,654,586</u>

Overseas Resources Development Act, 1959, by the Secretary of State for the Colonies.

planations which we consider necessary. Proper books have been kept and proper returns received from overseas offices, and the

w of the state of the Corporation's affairs at 31st December, 1961, and of the surplus for the year to that date.

abilities (statement 8) and of the Profit and Loss Accounts (statement 10) of the subsidiary companies prepared from their respective
true and fair view of the state of affairs at 31st December 1961, and of the surplus for the year ended on that date of the Corporation

(Signed) PEAT, MARWICK, MITCHELL & Co.
Chartered Accountants, Auditors.

NOTES FORMING PART OF THE ACCOUNTS

(1) The limits on Corporation borrowing powers are set out in Section 12(3) of Overseas Resources Development Act 1959; accrued fructification interest is not borrowing which falls within these limits.

Maximum borrowing powers are—

(a) £150m

(b) £10m temporarily by way of overdraft or otherwise.

(2) Assets and liabilities in colonial and foreign currencies have been converted at rates ruling at 31.12.61.

(3) Corporation has contractual commitments for capital expenditure of £20,000 and for debentures, loans and partly paid shares of £16,000,000 including commitments to subsidiary companies £2,700,000. Corporation is contingently liable in respect of guarantees.

(4) Total depreciation and amortisation charged by Corporation for year to 31.12.61 was £160,769 1960 £158,755

(5) The following adjustments have been made to Special Losses Account

	£	£
Balance at 1.1.61		9,999,793
Deduct Provision for interest payable to Government at 31.12.60 no longer required	305,426	
Amount previously written off investment in subsidiary company now written back on revaluation of investment by Corporation at original cost	647,754	
Amount transferred to Profit and Loss Account (statement 3)	24,447	
		<u>977,627</u>
Balance at 31.12.61 carried to Balance Sheet (statement 1)		<u>£9,022,166</u>

(6) Interest attributable to assets of direct projects not yet in production and to investments represented by assets not yet in production has been carried forward. In certain instances this interest has been computed on the basis of estimates prepared by the Corporation.

(7) Under the agreed arrangements with Government a sum amounting to £394,438 computed by reference to the profits of the year will be payable in reduction of the deferred liability to Government.

Profit and Loss Account—year to 31.12.61

Year to				
31.12.60	£		£	£
145,311	NET PROFITS OF DIRECT PROJECTS (per statement 4)			195,967
628,874	INCOME FROM SUBSIDIARY COMPANIES (per statement 4)			791,848
2,015,922	INCOME FROM INVESTMENTS (per statement 4)			2,885,479
156,604	MANAGING AGENCY FEES (NET), COVER AND COMMITMENT CHARGES			120,478
2,946,711				3,993,772
116,948	INVESTIGATION EXPENDITURE WRITTEN OFF		42,621	
311,155	ADMINISTRATIVE EXPENDITURE (head office and overseas offices)		262,898	
	Above administrative expenditure is stated after making allocations to:			
	1960			
	£		£	
44,486	Projects—revenue expenditure		50,857	
4,644	—fixed assets and forestry crops		6,285	
28,420	—expenditure on development		26,563	
15,000	Managing agencies		55,626	
30,518	Investigations		30,562	
65,782	Subsidiary companies		64,156	
188,850			234,049	
	REMUNERATION OF MEMBERS			
7,097	Fees and expenses		7,885	
5,250	Salaries		5,250	
305	Insurance premium for pension for former member		305	13,440
2,505,956				3,674,813
88,186	OVERSEAS INCOME TAX (after crediting provisions made in prior years no longer required £60,894)		160,000	
	INTEREST PAYABLE OTHER THAN TO GOVERNMENT		61,745	
				221,745
£2,417,770	OPERATING SURPLUS OF CORPORATION CARRIED DOWN			£3,453,068
2,417,770	OPERATING SURPLUS OF CORPORATION BROUGHT DOWN			3,453,068
132,181	Add Profit on realisation of assets			5,283
2,549,951				3,458,351
669,249	Deduct Transfer to Provisions against book value of projects and investments		522,689	
100,000	Amount written off investment in and loans to a subsidiary company		—	
	INTEREST PAYABLE TO GOVERNMENT			
1,738,175	Amount currently payable		2,028,265	
	Provision for fructification interest accruing for year to date		1,275,231	
			3,303,496	
	Less Interest carried forward transferred to Balance Sheet (note 6)		400,000	
			2,903,496	3,426,185
42,527	Less Transfer from Special Losses Account (note 5)			32,166
				24,447
£42,527	BALANCE OF SURPLUS APPROPRIATED TO RESERVE FUND (statement 1)			£7,719

Notes (4), (5) and (6) on Statement 2 form part of this Profit and Loss Account

Details of Projects supporting Profit

1960			Net trading	
Loss	Profit		Loss	Profit
£	£		£	£
DIRECT PROJECTS				
700	—	Bushman Pits Ranch	618	—
—	10,493	Dominica Electricity Services	—	9,650
—	4,154	Fort George Hotel	—	5,080
—	16,634	Jamaica Cooling Store	—	1,250
16,892	—	Kasungu Tobacco Estates	13,437	—
—	88,230	Kulai Oil Palm Estate	—	86,670
5,108	—	Melville Hall Estate	1,456	—
2,102	—	Molopo Ranch	—	13,580
3,355	—	Nata Ranch	9,389	—
—	3,008	Panda-ma-Tenga Ranch	—	2,750
—	10,035	St Vincent Electricity Services	—	9,150
—	2,639	Singapore Factory Development	—	—
—	33,966	Swaziland Irrigation Scheme	—	70,830
14,507	—	Vipya Tung Estates	1,791	—
—	18,816	SUNDRY INCOME	—	23,670
42,664	187,975		26,691	222,650
	42,664			26,690
	£145,311	NET PROFIT (statement 3)		£195,960
SUBSIDIARY COMPANIES				
Interest	Dividends		Interest	Dividend
256,357	—	Borneo Abaca Ltd	8,188	107,250
—	—	Borneo Housing Development Ltd	—	8,500
—	—	British Guiana Timbers Ltd	30,867	33,390
13,051	—	Caribbean Housing Finance Corporation Ltd	114,872	—
—	—	Kulai Oil Palm Estate Ltd	—	12,590
34,461	191,873	Malaya Borneo Building Society Ltd	34,329	209,370
—	4,217	Nigeria Hotels Ltd	—	16,500
1,318	21,986	Nigeria Housing Development Society Ltd	13,600	48,750
2,478	—	Omo Sawmills of Nigeria Ltd	—	—
35,241	20,000	Rhodesia & Nyasaland Development Corporation Ltd	34,731	72,000
3,561	—	Singapore Factory Development Ltd	5,142	—
44,331	—	Tanganyika Wattle Co Ltd	44,692	—
390,798	238,076		286,421	508,360
—	—	Deduct Sundry Interest (net)	2,939	—
	390,798			283,460
	£628,874	INCOME FROM SUBSIDIARY COMPANIES (statement 3)		£791,860

* Includes £18,550 in respect of prior years

Loss Account—year to 31.12.61

STATEMENT 4

1960					
Interest	Dividends		Interest	Dividends	
£	£		£	£	
LOANS TO GOVERNMENTS AND STATUTORY BODIES					
1,697	—	British Guiana Rice Development Co Ltd	72,683	—	
—	—	Cameroons Development Corporation	30,809	—	
1,838	—	Cayman Islands Airport	1,685	—	
37,342	—	Central African Airways Corporation	74,669	—	
36,343	—	Central Electricity Board	436,379	—	
—	—	Federal Land Development Authority	22,858	—	
37,500	—	Federal Power Board	568,961	—	
4,516	—	Freetown Hotel Ltd	12,496	—	
—	—	Guma Valley Water Company	473	—	
12,690	—	Kenya Central Housing Board	108,115	—	
10,978	—	Kenya Meat Commission	10,276	—	
56,250	—	Lagos Executive Development Board	55,842	—	
51,688	—	Nyasaland Government—African Housing	61,688	—	
59,375	—	Southern Rhodesia Government—African Housing	59,375	—	
—	—	Special Crops Development Authority	11,463	—	
OTHER INVESTMENTS					
41,418	—	Barbados Light & Power Co Ltd	38,835	—	
18,000	16,697	Bechuanaland Protectorate Abattoirs Ltd	18,969	9,000	
26,064	—	Bird & Co (Africa) Ltd	26,375	—	
8,306	3,200	Block Hotels Ltd	8,306	4,000	
—	—	Building Societies in East Africa	129,932	—	
—	—	Caribeach Ltd	39	—	
7,775	12,500	Coast Construction Co Ltd	7,770	25,000	
—	—	Coast Construction (Nigeria) Ltd	10,731	—	
6,237	—	Dorman Long & Amalgamated Engineering Co Ltd	6,040	—	
8,142	12,960	East Africa Industries Ltd	5,672	59,080	
65,000	—	Federation Chemicals Ltd	65,000	—	
3,904	—	Jamaica Citrus Growers Ltd	2,445	—	
31,673	—	Jamaica Housing Development Co Ltd	28,882	—	
63,108	—	Jamaica Public Service Co Ltd	161,464	—	
92,500	—	Kenya Power Co Ltd	192,500	—	
53,399	—	Kilembe Mines Ltd	41,715	71,250	
—	—	Kilombero Sugar Co Ltd	7,254	—	
61,300	—	Mhlume (Swaziland) Sugar Co Ltd	167,700	—	
—	18,750	The Nigerian Cement Co Ltd	—	22,500	
—	—	Northern Housing Estates Ltd	—	2,163	
9,575	—	The Oceanic Hotel Ltd	8,660	—	
—	—	Tanganyika Electric Supply Co Ltd	570	—	
49,018	—	Tangold Mining Co Ltd	—	—	
—	45,764	Trinidad Cement Ltd	—	42,889	
38,307	18,750	Unga Ltd and Tanganyika Millers Ltd	35,799	25,000	
—	—	Usutu Pulp Co Ltd	123,612	—	
13,358	—	Sundry	8,555	—	
87,301	128,621		2,624,597	260,882	
—	1,887,301		—	2,624,597	
£2,015,922		INCOME FROM INVESTMENTS (statement 3)		£2,885,479	

Assets and Liabilities o

Projects	Fixed Assets at net book value
	£
Bushman Pits Ranch	7,682
Dominica Electricity Services	245,031
Fort George Hotel	87,879
Jamaica Cooling Store	196,701
Kasungu Tobacco Estates	104,382
Kulai Oil Palm Estate	650,883
Limbang Oil Palm Trial	586
Melville Hall Estate	44,340
Molopo Ranch	60,585
Nata Ranch	40,124
Panda-ma-Tenga Ranch	42,659
St Vincent Electricity Services	421,243
Swaziland Irrigation Scheme	1,969,607
Vipya Tung Estates	745,898
	£4,617,600
Add Head Office and Overseas Offices	324,556
	per statement 1
	£4,942,156

irect Projects—31.12.61

STATEMENT 5

Land Clearance and Development at cost less amounts written off and Interest carried forward	Investments at cost less amounts written off	Investments in and loans and advances to subsidiary companies at cost less amounts written off	Current Assets	Current Liabilities including amounts owing to sub- sidiary companies
£	£	£	£	£
1,252	—	—	1,447	220
168	—	—	19,695	10,503
—	—	—	25,363	6,657
4,927	—	—	30,103	7,849
22,451	—	—	30,797	4,168
—	—	429,372	45,137	95,862
3,189	—	—	25	1,758
6,257	—	—	18,186	1,583
4,556	—	—	153,410	6,413
—	—	—	105,523	7,258
—	—	—	103,754	5,508
—	—	—	26,632	14,961
544,209	31	—	366,759	77,651
—	—	—	41,183	19,377
587,009	31	429,372	968,014	259,768
435,616	62,364,173	13,920,824	1,902,921	3,197,005
£1,022,625	£62,364,204	£14,350,196	£2,870,935	£3,456,773

Investments at Cost

SHARES IN ASSOCIATED COMPANIES

quoted

Block Hotels Ltd	40,000
The Nigerian Cement Co Ltd	187,500

(market value £521,083)

227,500

unquoted

Barbados Light and Power Co Ltd	60,660
Bechuanaland Protectorate Abattoirs Ltd	150,000
Caribeach Ltd	30,000
Coast Construction Co Ltd	50,000
Coast Construction (Nigeria) Ltd	30,000
East Africa Industries Ltd	194,000
Federation Chemicals Ltd	13,636
Freetown Hotel Ltd	50,000
Ilushin Estates Ltd	149,062
Investment Company of Nigeria Ltd	100,000
Jamaica Pottery Ltd	63,750
Kilembe Mines Ltd	1,140,000
Kilombero Sugar Co Ltd	662,114
Liganga Iron Ltd	9,750
Malayan Cocoa Ltd	51,333
Maramba Estate Ltd	200,000
Mhlume (Swaziland) Sugar Co Ltd	500,000
Mostyn Estates Ltd	212,917
Northern Housing Estates Ltd	10,000
Nyambeni Tea Co Ltd	48,001
Property Development (Industrial) Ltd	24,000
Rungwe Coal Co Ltd	4,375
Tanganyika Coalfields Ltd	26,894
Tangold Mining Co Ltd	565,000
Trinidad Cement Ltd.	805,000
Trinidad Mortgage Agency Co Ltd	10,000
Unga Ltd	250,000
United Cocoa Development Co Ltd	19,071
Usutu Pulp Co Ltd	2,500,000
Sundries	761

7,930,32

LOANS TO GOVERNMENTS AND STATUTORY BODIES

British Guiana Rice Development Co Ltd	1,271,085
Cameroons Development Corporation	550,000
Cayman Islands Airport	33,300
Central African Airways Corporation	1,225,000
Central Electricity Board	6,953,416
Federal Land Development Authority	600,000
Federal Power Board (Kariba)	15,000,000
Freetown Hotel Ltd	170,000

carried forward

£25,802,801

8,157,82

STATEMENT 6

Less Amounts written off

LOANS TO GOVERNMENTS AND STATUTORY BODIES (continued)

	£	£
brought forward	25,802,801	8,157,824
Guma Valley Water Company	50,000	
Kenya Central Housing Board	1,840,000	
Kenya Meat Commission	175,000	
Lagos Executive Development Board	1,229,511	
Nyasaland Government—African Housing	1,000,000	
Southern Rhodesia Government—African Housing	1,000,000	
Special Crops Development Authority	300,000	
	<u> </u>	31,397,312
VENTURES, SECURED AND UNSECURED LOANS		
quoted		
Bird & Co (Africa) Ltd	50,000	
Kenya Power Co Ltd	3,499,553	
	<u> </u>	3,549,553
(market value £2,458,375)		
unquoted		
Barbados Light & Power Co Ltd	581,977	
Bechuanaland Protectorate Abattoirs Ltd	280,000	
Bird & Co (Africa) Ltd	300,000	
Block Hotels Ltd	112,500	
Building Societies in East Africa	1,930,000	
Caribeach Ltd	46,900	
Coast Construction Co Ltd	155,000	
Coast Construction (Nigeria) Ltd	193,625	
Dorman Long & Amalgamated Engineering Co Ltd	90,000	
East Africa Industries Ltd	100,000	
Federation Chemicals Ltd	986,364	
Jamaica Citrus Growers Ltd	28,500	
Jamaica Housing Development Co Ltd	370,300	
Jamaica Public Service Co Ltd	2,994,000	
Kilombero Sugar Co Ltd	460,000	
Kilembe Mines Ltd	630,000	
Liganga Iron Ltd	20,000	
Maramba Estate Ltd	17,500	
Mbeya Exploration Co Ltd	496,749	
Mhlume (Swaziland) Sugar Co Ltd	2,580,000	
The Oceanic Hotel Ltd	100,294	
Rungwe Coal Co Ltd	30,625	
Tanganyika Coalfields Ltd	275,754	
Tanganyika Electric Supply Co Ltd	280,000	
Tangold Mining Co Ltd.	748,353	
Unga Ltd and Tanganyika Millers Ltd	504,446	
Usutu Pulp Co Ltd	4,900,000	
Advances on mortgage	17,025	
Sundries	29,603	
	<u> </u>	19,259,515
per statement 1		<u>£62,364,204</u>

Investments in and Loans and Advances to Subsidiary

31.12.60

£

1,714,997	Borneo Abaca Ltd
6,415	Borneo Development Corporation Ltd
118,118	Borneo Housing Development Ltd
1,248,422	British Guiana Timbers Ltd
143,495	British Honduras Fruit Co Ltd
874,732	Caribbean Housing Finance Corporation Ltd
11,462	Fiji Development Co Ltd
—	Grenada Electricity Services Ltd
9,327	Industrial and Agricultural Co Ltd
243,849	Johore Palm Processing Ltd
193,810	Kulai Oil Palm Estate Ltd
205,517	Macalder-Nyanza Mines Ltd
3,558,698	Malaya Borneo Building Society Ltd
110,000	Nigeria Hotels Ltd
892,642	Nigeria Housing Development Society Ltd
45,942	Northern Developments (Nigeria) Ltd
201,812	<i>Omo Sawmills of Nigeria Ltd</i>
—	Sierra Leone Investments Ltd
133,682	Singapore Factory Development Ltd
1,329,355	Tanganyika Wattle Co Ltd
130,000	<i>Tristan da Cunha Development Co Ltd</i>
833,913	Regional Companies

per statement 1

£12,006,188

1960

Companies at Cost Less Amounts written off—31.12.61

Shares	Loans and advances	Total
£	£	£
2,288,178	295,817	2,583,995
6,417	1,509	7,926
233,333	6,556	239,889
298,662	858,090	1,156,752
—	135,278	135,278
100	2,000,000	2,000,100
90	15,663	15,753
160,000	12,779	172,779
68,000	—	68,000
18,486	217,076	235,562
193,810	—	193,810
—	90,155	90,155
2,818,940	750,258	3,569,198
110,000	—	110,000
975,000	484,079	1,459,079
45,000	—	45,000
—	—	—
2,500	3,841	6,341
55,390	109,616	165,006
500,000	814,925	1,314,925
—	—	—
612	780,036	780,648
£7,774,518	£6,575,678	£14,350,196
£7,936,662	£4,069,526	£12,006,188

Combined Statement of Assets and

31.12.60		
£	£	FIXED ASSETS
3,387,710		Freehold and leasehold land, plantations, concessions, buildings and constructions
904,554		Plant and machinery
175,505		Ships and vessels
81,811		Land clearance equipment, tractors and agricultural equipment
178,865		Motor vehicles and rolling stock
172,290		Furniture and fittings, office and hotel equipment
4,900,735		
	326,508	FORESTRY CROPS at cost less amounts written off
	466,521	LAND CLEARANCE AND DEVELOPMENT at cost less amounts written off
793,029		
	553,846	INVESTMENTS at cost less amounts written off
	518,102	Quoted (market value £540,000 1960, £512,308)
		Unquoted
	1,071,948	
14,449,825	13,377,877	BUILDING SOCIETY AND HOUSING ADVANCES ON MORTGAGE
		CURRENT ASSETS
	867,041	Stocks, stores and livestock at cost or market value whichever is lower or at valuation less advances
	535,182	Debtors and prepayments less provisions
	148,388	Amounts owing by Corporation
	44,568	Treasury Bills
	363,785	Cash at banks and in hand
1,958,964		
22,102,553		
	1,208,663	Deduct CURRENT LIABILITIES
	1,565,570	Creditors, accrued charges and taxation
	285,539	Building Society deposits
		Bank overdrafts
3,059,772		
19,042,781		
	3,544,521	Deduct Bank and other loans (£2,515,470 secured)
	4,069,526	Loans and advances by Corporation
	3,050,113	Minority shareholders' interests
10,664,160		
£8,378,621		NET TANGIBLE ASSETS ATTRIBUTABLE TO CORPORATION INVESTMENTS
		Represented by—
7,936,662		Shares in subsidiary companies at cost less amounts written off
		Add post acquisition surpluses less deficits carried forward by subsidiary companies applicable to the Corporation (excluding deficits for which provision has been made by the Corporation) to 31.12.61
352,545		
8,289,207		
		Deduct net adjustments in respect of the excess of the cost of shares in subsidiary companies, less amount written off, over the net tangible assets of subsidiary companies at dates of acquisition
Cr. 89,414		
£8,378,621		

Liabilities of Subsidiary Companies—31.12.61

STATEMENT 8

Cost, net book value at date of acquisition of shares or valuation, less sales	Depreciation	
£	£	£
4,695,682	1,122,327	3,573,355
1,569,037	541,667	1,027,370
254,493	171,461	83,032
210,668	154,193	56,475
383,021	220,685	162,336
416,562	155,872	260,690
<u>7,529,463</u>	<u>2,366,205</u>	<u>5,163,258</u>
	319,761	
	402,460	
	<u>722,221</u>	
	553,846	
	645,456	
	<u>1,199,302</u>	
	16,882,554	
	<u>18,081,856</u>	
	741,771	
	667,810	
	46,542	
	<u>240,775</u>	
	<u>1,696,898</u>	
	25,664,233	
	1,563,162	
	1,706,529	
	493,882	
	<u>3,763,573</u>	
	21,900,660	
	4,463,620	
	6,575,678	
	3,176,056	
	<u>14,215,354</u>	
	<u>£7,685,306</u>	
	7,774,518	
	270,260	
	<u>8,044,778</u>	
	359,472	
	<u>£7,685,306</u>	

Notes

(1) Assets and liabilities in colonial and foreign currencies have been converted at rates ruling at 31.12.61.

(2) There are contractual commitments for capital expenditure of £100,000 and for debentures, loans and partly paid shares of £3,500,000.

(3) There are contingent liabilities for bills discounted of £25,623.

Assets and Liabilities of

	Fixed Assets at net book value	Forestry crops Land clearance and Development at cost less amounts written off	Investments and loans (in- cluding Building Society advances) at cost less amounts written off
	£	£	£
Borneo Abaca Ltd	2,311,724	26,409	—
Borneo Development Corporation Ltd	2,725	—	14,620
Borneo Housing Development Ltd	5,167	—	1,020,515
British Guiana Timbers Ltd	650,574	56,220	28,652
British Honduras Fruit Co Ltd	166,558	4,633	—
Caribbean Housing Finance Corporation Ltd	1,877	—	3,347,359
Fiji Development Co Ltd	11,469	—	58,559
Grenada Electricity Services Ltd	239,579	—	—
Industrial & Agricultural Co Ltd	10,822	—	59,000
Johore Palm Processing Ltd	235,612	—	128
Kulai Oil Palm Estate Ltd	199,863	—	—
Lagos Hotel Ltd	104,287	2,785	—
Macalder-Nyanza Mines Ltd	—	—	—
Malaya Borneo Building Society Ltd	226,823	—	10,110,289
Nigeria Hotels Ltd	420,155	—	—
Nigeria Housing Development Society Ltd	63,779	—	2,463,850
Northern Developments (Nigeria) Ltd	1,369	478	58,000
Sierra Leone Investments Ltd	1,259	—	—
Singapore Factory Development Ltd	23,073	—	167,038
Tanganyika Wattle Co Ltd	457,841	631,696	—
Regional Companies	28,702	—	753,846
	£5,163,258	£722,221	£18,081,856

Subsidiary Companies—31.12.61

STATEMENT 9

Current Assets (including amounts owing by Corporation)	Current Liabilities	Bank and other loans	Loans and advances by Corporation	Total Net Tangible Assets	Minority Shareholders' Interests	Net Tangible Assets attributable to Corporation Investments
£	£	£	£	£	£	£
392,785	361,860	—	295,817	2,073,241	51,833	2,021,408
4,695	12,062	—	1,509	8,469	—	8,469
13,097	310,749	374,817	6,556	346,657	118,258	228,399
324,733	66,905	15,205	858,090	119,979	5,327	114,652
7,539	5,453	—	135,278	37,999	—	37,999
13,951	197,736	1,165,000	2,000,000	451	150	301
1,386	64,325	—	15,663	(Cr.) 8,574	—	(Cr.) 8,574
84,919	9,512	—	12,779	302,207	139,232	162,975
27,699	1,329	—	—	96,192	49,701	46,491
18,786	7,537	—	217,076	29,913	—	29,913
46,234	58,725	—	—	187,372	—	187,372
14,057	58,978	—	—	62,151	800	61,351
275,570	185,415	—	90,155	—	—	—
105,630	1,797,813	2,765,000	750,258	5,129,671	1,951,124	3,178,547
175,275	186,300	143,598	—	265,532	180,183	85,349
16,225	346,352	—	484,079	1,713,423	654,969	1,058,454
26,519	25,170	—	—	61,196	24,479	36,717
6,400	6,360	—	3,841	(Cr.) 2,542	—	(Cr.) 2,542
2,770	35,164	—	109,616	48,101	—	48,101
138,314	25,628	—	814,925	387,298	—	387,298
314	200	—	780,036	2,626	—	2,626
£1,696,898	£3,763,573	£4,463,620	£6,575,678	£10,861,362	£3,176,056	£7,685,306

Combined Statement of Profits and Losses of Subsidiary Companies—year to 31.12.61

1960			Net trading	
Loss	Profit		Loss	Profit
£	£		£	£
—	321,556	Borneo Abaca Ltd	—	119,596
2,488	—	Borneo Development Corporation Ltd	773	—
—	6,358	Borneo Housing Development Ltd	—	22,196
—	26,803	British Guiana Timbers Ltd	—	46,385
—	12,558	British Honduras Fruit Co Ltd	—	14,675
—	10,483	Caribbean Housing Finance Corporation Ltd	—	118,645
4,087	—	Fiji Development Co Ltd	4,466	—
—	—	Grenada Electricity Services Ltd	—	13,764
7,703	—	Industrial & Agricultural Co Ltd	7,544	—
—	1,820	Kulai Oil Palm Estate Ltd	—	16,333
124,938	—	Macalder-Nyanza Mines Ltd	—	—
—	522,225	Malaya Borneo Building Society Ltd	—	471,291
—	53,630	Nigeria Hotels Ltd	—	81,257
—	59,835	Nigeria Housing Development Society Ltd	—	117,073
6,331	—	Northern Developments (Nigeria) Ltd	5,094	—
—	2,673	Omo Sawmills of Nigeria Ltd	—	—
—	—	Sierra Leone Investments Ltd	4,480	—
—	4,900	Singapore Factory Development Ltd	—	8,502
—	12,048	Tanganyika Wattle Co Ltd	—	5,056
—	14,705	Tristan da Cunha Development Co Ltd	—	—
—	23,632	Regional Companies	—	83,132
<u>145,547</u>	<u>1,073,226</u>		<u>22,357</u>	<u>1,117,905</u>
	145,547			22,357
	927,679	Net trading profits for the year		1,095,548
390,798		Less Interest payable to Corporation	283,482	
276,721		Overseas Income Tax	277,528	
2,332		Preliminary expenses written off	20,145	
	669,851			581,155
	257,828			514,393
		Less dividends paid or provided by subsidiary companies		
		payable to Corporation		£
		Less Overseas Income Tax		508,366
				159,585
143,346		payable to minority shareholders	348,781	175,484
		Less Overseas Income Tax		68,547
80,435			106,937	
	223,781			455,718
	£34,047	Surpluses less deficits carried forward in accounts of subsidiary companies		£58,675
	48,004	Applicable to minority shareholders		34,182
(Dr.) 13,957		Applicable to Corporation investments		24,493
	£34,047			£58,675

NOTE: Total depreciation and amortisation charged by subsidiary companies for year to 31.12.61 was £465,618
1960 £635,508

III

PROJECT REPORTS

REGIONS

CARIBBEAN

FAR EAST

EAST AFRICA

CENTRAL AFRICA

HIGH COMMISSION TERRITORIES

WEST AFRICA

CARIBBEAN REGION



Includes:

BRITISH HONDURAS, BRITISH GUIANA, JAMAICA, TRINIDAD AND
BRITISH WEST INDIES ISLANDS,
BAHAMAS AND FALKLAND ISLANDS

Regional Controller:

A. C. GRIEVE

Regional Office:

STRATHMORE, CULLODEN ROAD, ST MICHAEL 16,
BRIDGETOWN, BARBADOS



CARIBBEAN REGION

1 Caribeach Ltd

Barbados

2 Barbados Light and Power Co Ltd

British Guiana

3 British Guiana Rice Development Co Ltd

4 British Guiana Timbers Ltd

British Honduras

5 British Honduras Fruit Co Ltd

6 Fort George Hotel

Dominica

7 Dominica Electricity Services

8 Melville Hall Estate

Grenada

9 Grenada Electricity Services Ltd

Jamaica

10 Caribbean Housing Finance Corporation Ltd

11 Cayman Islands Airport

12 Jamaica Citrus Growers Ltd

13 Jamaica Cooling Store

14 Jamaica Housing Development Co Ltd

15 Jamaica Pottery Ltd

16 Jamaica Public Service Co Ltd

St Vincent

17 St Vincent Electricity Services

Trinidad

18 Federation Chemicals Ltd

19 Trinidad Cement Ltd

20 Trinidad Mortgage Agency Co. Ltd

17 Regional Summary

(1) At 31.12.61 there were 20 projects comprising agriculture and sawmilling, cement, fertiliser and pottery manufacture, hotels and cold storage, electricity supply and housing finance. The total commitment was £16,454,000 (1960 £14,605,000) of which £11,992,000 (1960 £9,566,000) was invested by end of 1961.

(2) The new project approved during the year was the Trinidad Mortgage Agency Co Ltd where CDC agreed to make available £2m and Bank of London and Montreal, Guardian Assurance Co, Commercial Union Assurance Co and Sun Life Assurance Co of Canada £1m to provide mortgages for a new middle income housing scheme of about 2,000 houses in Diego Martin, Trinidad. This project follows the model of similar successful CDC projects in Jamaica.

(3) Expansion of existing projects continued in accordance with plans reported last year. The Richmond River Hydro-electric Scheme in St Vincent was completed in December within the estimated cost and the Caribbean Housing Finance Corporation in Jamaica completed the programme of 1,799 mortgages on houses built on the Harbour View estate near Kingston. A number of project extensions should be completed in 1962. The new power station in Grenada should have been finished by end March; the second storey on the Jamaica Cooling Store, which has been held up by strikes in the building trade, is due for completion in April: construction of the factory for Jamaica Pottery Ltd continues and it is likely to be finished before the end of the year, while it is expected that the Caribeach hotels in Grenada, St Lucia and Antigua will be in operation towards the end of the year.

(4) In British Honduras the Corporation's two projects, Fort George Hotel at Belize and BH Fruit estate at Stann Creek were both right in the path of Hurricane Hattie. Fortunately there was no loss of life at either project and damage, although heavy, can be repaired. The hotel, which was structurally undamaged, was used in the first days after the hurricane as a relief centre and subsequently provided accommodation and offices for BH Government and the military for about six weeks. At BH Fruit Company, buildings were severely damaged and 80% of a very good orange crop was lost. Permanent damage to the citrus trees is likely to be small but the cocoa suffered more severely. CDC was happy to lend Mr G. Bowen-Jones, a senior London executive with earlier BH experience, to serve on the British Government mission which has investigated and reported on rehabilitation and development requirements in the colony.

(5) Training of West Indians for senior posts has continued with satisfactory results. There are now two West Indian project managers and several are in senior executive, accounting and supervisory posts, besides juniors in training on the various projects and at the University College of the West Indies.

(6) Since last year's Report, Jamaica and Trinidad have opted out of the West Indies Federation: Jamaica is due to attain independence on 6th August 1962 and Trinidad is likely to follow soon after. No decision has yet been taken about the future of the remaining islands which would have been included in the Federation. However, a number of new schemes were investigated during the year and some are likely to come forward for approval in the course of 1962.

(7) Regional revenue credited in CDC accounts was £625,000, representing 5.8% on capital employed, as compared with 4% in 1960. The rise was largely due to increased revenue from the power supply and Jamaica housing projects. It is satisfactory that this region is now earning sufficient to cover its share of interest payable to the British Government.

18 Caribeach Ltd

- (1) This is a holding company, incorporated in the Bahamas on 28.6.61 with a share capital of £100,000 of which West Indies & Caribbean Development Ltd (a company formed by West Indian and American hotel interests) owns 70% and CDC 30%; all shares are fully paid up.
- (2) The company was formed to build and operate, through subsidiaries, hotels in each of the four eastern Caribbean islands, Antigua, Grenada, St Lucia and Tobago. CDC has agreed to lend to these subsidiaries a total of £670,000 and West Indies & Caribbean Development Ltd will lend £280,000; CDC had advanced £46,900 at 31.12.61.
- (3) Well situated beach sites have been acquired and building of three hotels, in Antigua, Grenada, and St Lucia was started during 1961; all three should be opened before the end of 1962, providing in total 208 bedrooms. These three hotels are now estimated to require the total finance presently available and the building of the hotel in Tobago has therefore been deferred for the time being.
- (4) These hotels should contribute to the prosperity of the islands by providing additional facilities for tourists.

Barbados

(BWI \$4.80 = £1)

19 The Barbados Light & Power Co Ltd

- (1) This is a Barbados subsidiary of the Mitchell Engineering Group Ltd of UK; 100,000 5½% \$5 preference shares are held by the Barbados public.
- (2) CDC has made two secured debenture loans with conversion rights up to 25% of the balance outstanding at any time—
- (a) £250,000 repayable 1961/80 of which £60,660 was converted into ordinary shares on 30.6.61; a first repayment instalment has been received, leaving a balance of £181,977 at 31.12.61;
- (b) £400,000 repayable 1964/83.
- (3) The company is the sole supplier of electricity in the island of Barbados; the loans were made to finance purchase of two 2.5 MW steam turbo-alternators and extensions to the transmission and distribution systems; further capacity will be necessary by 1963/64 and plans therefor are in hand.
- (4) Sales in financial year ended 30.6.61 increased by 11.62% over the previous year to 34.93m kWh; consumers have risen from 19,055 to 21,147, an increase of 11.09%.
- (5) Company profit before tax for the year to 30.6.61 was £103,472 (1959/60 £87,677).

British Guiana

(BWI \$4.80 = £1)

20 British Guiana Rice Development Co Ltd

- (1) (a) CDC has made two loans to the company, both guaranteed by British Guiana Government—

- (i) £1,021,085 on debenture, repayable 1958/62 to finance improvement and extension of company's rice mills; at the request of company and of Government, CDC has agreed that earlier repayment instalments should be deferred until the final repayment date of 31.12.62;
- (ii) £250,000 on short term to help finance seasonal crop requirements;
- (b) the company's issued share capital is BWI \$2m owned by British Guiana Government and British Guiana Rice Marketing Board; the proposed capital reduction scheme referred to in last year's Report was not proceeded with.
- (2) Loss made by the company in the year to 31.8.61 was much less than in previous year owing to increased throughput at the mills but accumulated losses at 31.8.61 totalled £416,000.
- (3) Prospects for the company are uncertain although there continues to be a good market for British Guiana rice in the Caribbean area. Projected improvements to the mills' cleaning and storage facilities for paddy will require heavy capital expenditure. The unsatisfactory financial situation is under discussion with the British Guiana Government.

21 British Guiana Timbers Ltd *General Manager: D. BELL-SALTER*

(1) (a) Issued capital BWI \$1,449,600 (£302,000) of which CDC holds BWI \$1,424,640 (£296,800), balance being held by Industrial Holdings (BG) Ltd (a subsidiary of Booker Bros, McConnell & Co Ltd);

(b) CDC loan at 31.12.61 BWI \$4,165,738 (£867,862).

(2) Following a reappraisal of the company's forest timber resources, the company's previous issued share capital of BWI \$7,248,000 (£1,510,000) was reduced during 1961 to BWI \$1,449,600 (£302,000) by writing off past losses of BWI \$1,159,680 (£241,600) (already reserved for in CDC books) and converting BWI \$4,638,720 (£966,400) to 6½% loan, repayable by instalments over the next ten years.

(3) (a) The installation of additional sawmill machinery and equipment estimated at £56,700 was approved in 1961 and should improve mill recovery and handling, permitting a greater diversification of production;

(b) Deliveries ex forest were 27,936 tons (1960 27,568 tons). Sales of pre-fabricated houses and other joinery shop products have been well maintained. Sales of sawn lumber have been maintained at 1960 levels and prices, but quantity of piling sold has been disappointing; shipments of hewn squares showed a marked improvement with prices slightly more favourable than in 1960;

(c) sales were—

	1961		1960	
	<i>Tons.</i>	<i>£</i>	<i>Tons</i>	<i>£</i>
Logs and piling	8,218	167,219	7,010	139,706
Lumber and joinery	13,815	504,080	13,895	511,204
	22,033	£671,299	20,905	£650,910

(d) markets by value were—

	1961	1960
UK and Continent	32%	22%
USA and Canada	13%	22%
West Indies	13%	9%
Local	42%	47%

(4) Relations with Sawmill and Forest Workers' Union, under the agreement, have continued to be satisfactory. In April the minimum daily wage was raised by statute from \$2.75 to \$3.00. There is a great need for increased productivity.

(5) Prospects for 1962 are satisfactory with useful orders in hand.

(6) Net profit before charging CDC loan interest (£30,867) was £46,385 (1960 £26,803).

British Honduras

(BH\$4=£1)

22 British Honduras Fruit Co Ltd (citrus and cocoa) *Manager: J. E. MCLOUGHLIN*

(1) (a) This wholly owned CDC subsidiary company had spent £173,277 at 31.12.61 on citrus and cocoa development (1960 £166,819);

(b) the company has 501 acres planted in citrus, 59 acres cocoa, and coconuts and limes on an experimental scale.

(2) (a) The estate took the full force of Hurricane Hattie on 30th/31st October 1961 and a promising citrus crop for 1961/62, estimated at over 100,000 boxes, was largely destroyed; buildings and houses were extensively damaged;

(b) permanent damage to citrus trees was fortunately slight but it is expected that full recovery may take two years;

(c) 1961 orange harvest to 30.6.61 was 105,700 boxes (1960 54,322 boxes); but estimates for 1962 crop indicate a total of not more than 25,000 boxes;

(d) cocoa crop to 30.6.61 was 15,115 lb which sold well on the British market;

(e) permanent damage to the cocoa is estimated at about 50% and very little cocoa will be forthcoming in 1962.

(3) (a) The hurricane was a grievous and disappointing blow; after several years of limited achievement the company was giving every evidence of developing into a profitable concern;

(b) the manager and staff tackled the tasks of food distribution and emergency repairs with resourcefulness and promptitude; the labour responded admirably;

(c) negotiations for sale of the company to Canadian interests were interrupted by the hurricane but have been resumed.

(4) Net profit for the year £14,675 (1960 £12,558) after writing off £6,278 for assets totally destroyed in the hurricane but before making provision for other damage and costs of rehabilitation.

23 Fort George Hotel

- (1) This is a wholly owned CDC project; after writing off £150,000 in 1953, capital at 31.12.61 was £104,489 (1960 £105,873).
- (2) Caribeach Ltd entered into an agreement with CDC on 1.6.61 to manage the Fort George Hotel in conjunction with three other hotels, in the eastern Caribbean, in which CDC and Caribeach Ltd are jointly interested (para 18).
- (3) (a) For the first nine months of 1961 the hotel had made a profit before tax of £7,304 and trade was building up satisfactorily, but at the end of October Hurricane Hattie struck British Honduras. The hotel bore the full force of the wind and the tidal wave, suffering extensive damage to furniture and fittings, but the reinforced concrete structure, built in 1951/53, stood up well and suffered no serious damage—one of the few structures in Belize to survive the hurricane intact;
(b) for some weeks after the hurricane the hotel was run on an emergency basis, providing meals and accommodation for many destitute townspeople. Part of the hotel was taken over by Government and the military authorities for about six weeks after the hurricane; payment of compensation for such use is still under discussion with Government.
(c) management and staff earned high praise for their efficiency during this crisis.
- (4) Immediate prospects for the hotel are reasonably good, as there has been an influx of technical and other people engaged on vital reconstruction work for the territory.
- (5) Net profit for the year £5,086 (1960 £4,154).

Dominica

(BWI\$4.80—£1)

24 Dominica Electricity Services *Manager: W. S. RICHARDSON*

- (1) Wholly owned and managed by CDC, this project supplies electricity in the island of Dominica from a hydro-electric station on the Roseau River. Capital employed at 31.12.61 was £254,391 (1960 £243,438).
- (2) Emigration of skilled and semi-skilled labour from Dominica continues unabated. Government regard extension of electricity services in rural areas as an essential factor in retaining labour and developing the island's economy.
- (3) Existing hydro-electric capacity is 960 kW; distribution system has been further extended in 1961 and plans for increasing existing generating capacity are being worked out.
- (4) (a) Sales of electricity increased by 11% to 2.66 million kWh for £50,166 (1960 2.39m kWh for £45,227); consumers rose by 13% to 3,095;
(b) illness and changes in staff increased administration expenses and reduced 1961 profit; full benefit of 1961 extensions to the network will not be felt until 1962.
- (5) Net profit before interest payable by CDC to British Government was £9,650 (1960 £10,493).

25 Melville Hall Estate *Manager: A. L. E. PUGH*

- (1) A CDC direct project in Dominica consisting of two estates, Melville Hall and Castle Bruce, under combined management; capital employed at 31.12.61 £67,200 (1960 £60,524).

(2) (a) Planted acreage at 31.12.61—

	<i>Melville Hall</i>	<i>Castle Bruce</i>	<i>Total</i>
<i>Bananas</i>			
Mature	221	5	226
Immature	53	78	131
	274	83	357
<i>Coconuts</i>			
Mature	224	16	240
Immature	29	83	112
	253	99	352
<i>Cocoa</i>			
Mature	26	—	26
Immature	64	14	78
	90	14	104
Total	617	196	813
Less interplants	193	78	271
Net planted acreage	424	118	542

(b) there are also small experimental plantings of citrus and coffee amounting to another 5 acres.

(3) (a) Banana production has been affected by eelworm attack and windstorms; 1961 production 1,110 tons (1960 1,373 tons); price help up well from June to December;

(b) copra sales improved to 123 tons (1960 89 tons).

(c) cocoa production remains small but 1961 parcels have fetched a satisfactory premium in the London market, comparable to Trinidad's top mark;

(d) a start has been made on processing and marketing other growers' cocoa.

(4) (a) Measures designed to control eelworms at Melville Hall and improve soil fertility were stepped up in 1961 and will continue in 1962;

(b) now that investment of £100,000 on new development at Castle Bruce has been approved and Dominica Government are well ahead with the access road to that estate, further expansion will be possible; this will enable a better spread of overheads and more opportunity to diversify crops;

(c) labour for estate work is becoming progressively scarcer as migration away from the island continues but it is hoped to offset the effects of manpower shortage by increased mechanisation and chemical control of weeds.

(5) Net profit for year, including capital profit of £5,283 on sale of land, £3,827 (1960 net loss £5,108).

Grenada

(BWI\$4.30=£1)

26 Grenada Electricity Services Ltd *Manager: N. V. ANDALCIO*

- (1) Joint company formed by Government and CDC to take over Government electricity installation on 1.1.61 and expand existing services. CDC's Regional Controller is company chairman.
- (2) (a) Share capital of BWI\$1,618,520, in ordinary shares of \$5 each, has been allotted—Government BWI\$658,520 for assets taken over 1.1.61, CDC BWI\$960,000 (£200,000) for cash consideration of which £172,779 paid at 31.12.61;
(b) CDC has undertaken to lend up to £244,000.
- (3) Construction of the new power station at St Georges has progressed but is about two months behind schedule owing to floods and late deliveries; systematic renewal of distribution system in St Georges is in hand; neighbouring towns will be linked up under expansion programme for 1962.
- (4) 3.35m kWh sold; economies have been effected in operating expenses.
- (5) Net profit for 1961, £13,764, carried forward.

Jamaica

(J£1 = £1)

27 Caribbean Housing Finance Corporation Ltd *General Manager: W. G. CARMICHAEL*

- (1) Share capital £150, of which CDC owns £100 and Sceptre Trust Ltd (a subsidiary of Eagle Star Insurance Co Ltd) £50; CDC and Sceptre are committed to lend up to £2m and £1.6m respectively. The CDC loan was fully paid up at 31.12.61.
- (2) The Company was formed in 1960 to make mortgage finance available to purchasers of houses built by West Indies Home Contractors Ltd at Harbour View Estate on the outskirts of Kingston. The scheme involving construction of 1,834 houses by pre-cast reinforced concrete slabs produced on site was completed in December 1961. Two-bedroom houses were sold for £1,975 and three-bedroom for £2,285 each.
- (3) Mortgages are granted up to 90% of purchase price and are repayable over 20 years; they are insured with Development Finance Corporation, a Jamaica Government agency.
- (4) Arrangements are now in train for mortgage finance for a housing scheme at Hope Pastures, St Andrew, to be administered by the Company. Sceptre is providing the finance required of up to £750,000.
- (5) Net profit to 31.12.61 was £3,546 after interest £173,260 (CDC £114,872) and preliminary expenses written off £227 (1960 loss £2,568—CDC interest £13,051).

28 Cayman Islands Corporation

- (1) Loan of £55,500 (1953) to finance construction of airport; repayable by twenty annual instalments; principal and interest secured on Island's revenue and guaranteed by Government. Loan outstanding at 31.12.61 was £33,300 (1960 £36,075).
- (2) Tourist air traffic from Jamaica and Florida continues to expand with the inauguration of a BWIA daily service in winter between Kingston and Miami.

29 Jamaica Citrus Growers Ltd

- (1) Capital £199,000, owned by Citrus Growers Association Ltd.
- (2) CDC has made two secured loans to the company, both guaranteed by Citrus Growers Association Ltd—
 - (a) 1951 loan £110,000 to finance extension of company's fruit processing factory; this loan was finally repaid in 1961;
 - (b) 1959 loan £57,000 (repayable in equal annual instalments by 31.3.63) to finance through a subsidiary company the processing of grapefruit segments and citrus juices; amount outstanding at 31.12.61 £28,500 (1960 £42,750).

30 Jamaica Cooling Store *Manager: G. M. MUNRO*

- (1) A CDC direct project with capital at 31.12.61 £223,882 (1960 £124,610).
- (2) The cooling store was originally built in 1950/51 to provide 80,000 cu ft storage for citrus exports; in 1956 modifications were made reducing cooling space to 70,000 cu ft and providing 14,000 cu ft cold storage; in addition, 20,000 cu ft cold storage space has been rented from Jamaica Cold Storage Ltd since 1958.
- (3) A second storey to the existing building is now being built to provide 130,000 cu ft of space which can be used as either cold or cool storage. Progress on construction has been slower than expected. There was a strike in the building trade lasting 23 days and further setbacks occurred through storm water damage in October 1961 and late shipment of plant from Britain. The extension should be completed by April 1962.
- (4) The project suffered from the general trade recession in mid-1961, but business improved towards the year end. Revenue dropped also as a result of elimination of some cold storage space to provide access to the new storey under construction.
- (5) Net profit £1,254 (1960 £16,634).

31 Jamaica Housing Development Co Ltd

- (1) Share capital £1,000 owned equally by The Standard Life Assurance Co of Edinburgh and CDC; each partner provided as loan half the capital required for the company's business; CDC loan outstanding at 31.12.61 £370,300 (1960 £401,475).
- (2) The company was formed to provide mortgage finance for middle income group houses built in 1958 and 1959 on the Mona Housing Estate near Kingston. 717 houses were built by West Indies Building Ltd by poured concrete process and sold for £2,900 each including site. Demand for houses exceeded supply; many houses were sold for cash and only £889,350 of mortgage advances were made against estimated £1,500,000.
- (3) Profit for year £918 after interest £57,764 (CDC £28,882) (1960 £928 CDC interest £31,673).

32 Jamaica Pottery Ltd

- (1) (a) A company incorporated in Jamaica by Royal Worcester Ltd, Jamaica Development Finance Corporation and CDC; share capital £272,500 (Royal Worcester Ltd £160,000, Development Finance Corporation £37,500 and CDC £75,000);
(b) loan capital commitments are £137,500 by Development Finance Corporation and £225,000 by CDC;
(c) CDC investment at 31.12.61 £63,750 (75,000 £1 shares 17/- paid).

- (2) Royal Worcester Ltd is providing technical management.
- (3) Laboratory tests on clays have proved satisfactory. The company will manufacture a large range of earthenware products for sale in the Caribbean and North and South America.
- (4) Construction of factory and kilns is progressing as planned and the recruiting and training of the labour force will commence in June 1962 to enable the factory to be in production by the beginning of 1963.

33 Jamaica Public Service Co Ltd

- (1) (a) Public company incorporated in Jamaica; issued capital £4,568,304; long-term secured debt £7,016,242;
- (b) CDC loans are as follows—
 - (i) £300,000 (1953) at 5% repayable 1963; £1m (1960) at $6\frac{3}{4}\%$ repayable 1983/85; these loans rank pari passu with the other secured long-term debt;
 - (ii) loan commitment (1960) £2m against which £1,700,000 has been drawn up to end 1961 at average rate of $7\frac{2}{8}\%$; this loan will finance a development programme for frequency conversion and is secured on a statutory surcharge on consumers; repayable on or before 30.6.70;
- (c) CDC has option (exercisable between 1.1.63 and 31.12.64) to take up at Canadian \$15 per unit 50,000 stock units of Jamaica Public Service Ltd, the Canadian parent company.

Construction of the extension to the Hunts Bay Power Station, Jamaica Public Service Co Ltd



- (2) The company is the principal supplier of electricity in Jamaica.
- (3) Operating results—
 - (a) power generated in 1961 303m kWh, 17.9% increase over 1960 (257m kWh);
 - (b) sales 259m kWh (1960 215m kWh);
 - (c) number of consumers increased over the year from 56,735 to 65,127;
 - (d) operating revenue £2.70m (1960 £2.34m).

St. Vincent

(BWI \$4.80=£1)

34 St Vincent Electricity Services *Manager: A. R. BOYD*

- (1) A CDC direct project with capital employed £432,914 (1960 £282,000) supplying electricity to the island of St Vincent from a hydro-electric station on the Colonarie River, supplemented by diesel stand-by installation in Kingstown.
- (2) A new hydro-electric station on the Richmond River was opened on 10.1.62 jointly by Mrs Giles, wife of the Administrator, and Hon C. L. Tannis, Minister of Communications and Works, at a ceremony attended by the Administrator, Ministers and other prominent citizens of St Vincent. When transmission lines and distribution system have been extended later this year to hitherto unserved parts of the island, many people will have electric light and power for the first time.
- (3) A company, St Vincent Electricity Services Ltd, was formed on 27.11.61 to take over operations from CDC early in 1962 with a view to outside participation in the enterprise.
- (4) (a) Sales of electricity increased by 11% to 3.79 m kWh for £62,733 (1960 3.42m kWh for £57,494);
 - (b) production costs increased due to greater use of diesel generator pending completion of Richmond River hydro station; only 3% more consumers could be connected because of the heavy load on existing generating capacity; 3,952 consumers at 31.12.61.
- (5) Net profit before interest payable by CDC to British Government £9,150 (1960 £10,035).

Trinidad

(BWI \$4.80=£1)

35 Federation Chemicals Ltd

- (1) This Bermuda-registered company was formed in 1958 by W. R. Grace & Co Group (New York) which holds 49% of the equity. CDC has a 7½% (£13,636) share in the equity and has invested £1m in loan guaranteed by the Grace Company. Loans of some £5½m have been provided by American financial institutions and banks.
- (2) The company was established to erect and operate in Trinidad a fertilizer factory making ammonium sulphate and urea, and has been in operation since early 1960. Prices of both sulphate and urea have remained at lower than estimated levels owing to continuing severe competition from



The main pipe line leading to the power house of the Richmond River Hydro-Electric Scheme, St Vincent Municipality Services, which was opened in January, 1962

European and other overseas manufacturers. In consequence, company sustained a further operational loss during the year.

(3) Company is considering plans to put its operation on a profitable footing.

36 Trinidad Cement Ltd

(1) Issued capital of this wholly owned subsidiary of The Rugby Portland Cement Co Ltd is BWI \$7,680,000, of which the parent company has BWI \$3,816,000 ordinary shares and CDC holds BWI \$3,864,000 (£805,000) 5% cumulative preference shares redeemable in equal annual instalments 1955/75.

(2) Company's progress during the year was hampered by industrial unrest.

(3) Under terms of issue 55,200 preference shares were redeemed during the year. CDC received £42,889 preference dividend in 1961.

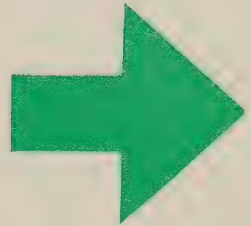
37 The Trinidad Mortgage Agency Co Ltd *Manager: G. H. N. HORSFIELD*

(1) Company formed in April 1961 under leadership of S. G. Warburg & Co Ltd and Bank of London and South America Ltd. Share capital BWI \$96,000 (£20,000) is held 50% by CDC and 50% by banks and insurance companies including the sponsors. Loan capital is to be £3m; CDC will subscribe £2m, the balance being taken up by the Bank of London & Montreal Ltd, Commercial Union Assurance Co Ltd, Guardian Assurance Co Ltd and Sun Life Assurance Company of Canada. CDC investment at 31.12.61 £10,000 in shares.

(2) Company was formed to make mortgage finance available to purchasers (middle income group) of houses built by Homes International Ltd in Diego Martin Valley, Port of Spain, on land being made available by Government on long lease. Completed housing estate will consist of 2,000 houses to be sold for about £2,600 each. Construction started in December 1961.

(3) Mortgages will be granted up to 90% of purchase price repayable over 25 years; mortgages will be guaranteed by the Public Housing Loans Board, which is a statutory Corporation with a Government appointed Board.

FAR EAST REGION



Includes :

FEDERATION OF MALAYA,
BRUNEI, FIJI, HONG KONG, NORTH BORNEO,
SARAWAK, SINGAPORE, AND
THE WESTERN PACIFIC ISLANDS

Regional Controller :

D. E. M. FIENNES

Regional Office :

13/15 AMPANG STREET, KUALA LUMPUR,
SELANGOR,
FEDERATION OF MALAYA



FAR EAST REGION

Borneo Territories

- 1 Borneo Abaca Ltd
- 2 Borneo Development Corporation Ltd
- 3 Borneo Housing Development Ltd
- 4 Electra House Ltd (Kuching)
- 5 Limbang Oil Palm Pilot Scheme
- 6 Mostyn Estates Ltd

Federation of Malaya

- 7 Central Electricity Board
- 8 Federal Land Development Authority
- 9 Johore Palm Processing Ltd
- 10 Kulai Oil Palm Estate
- 11 Malaya Borneo Building Society Ltd (also operates in Singapore)

- 12 Malayan Cocoa Ltd

- 13 Malayan Industrial Development Finance Co Ltd

- 14 United Cocoa Development Co Ltd

Fiji

- 15 Fiji Development Co Ltd

- 16 Fiji building society

- 17 Pacific Lumber Co Ltd

Hong Kong

- 18 Property Development (Industrial) Ltd

Singapore

- 19 Singapore Factory Development Ltd

38 Regional Summary

(1) There were 19 projects comprising agriculture and sawmilling, factory and housing mortgage finance, loans for smallholder schemes and electricity supply and investments in general development companies. Total commitment at 31.12.61 was £20,315,000 (1960 £19,441,000) of which £15,871,000 (1960 £14,870,000) was invested at the year end.

(2) No new projects could be started directly by CDC in the independent Federation of Malaya, CDC's contribution to industrial development in the Federation being restricted to its participation in Malayan Industrial Development Finance Ltd—but a first project for the construction of flatted factories was approved for Hong Kong, three projects were approved in Fiji under the umbrella of Fiji Development Co Ltd and a property development and oil palm investigation were started in Sarawak. An investigation was carried out in the Solomon Islands but so far without leading to a project, owing to a disappointment in finding partners.

(3) During the year the £600,000 loan to the Federal Land Development Authority was called up and with it the investment in the Federation of Malaya may be regarded as completed under the present provisions of Overseas Resources Development Act, with the immediate prospect of gradual disinvestment as loans are repaid: a prospect which cannot be welcome to a Malayan economy which is likely soon to be faced with undertaking the additional burden of Borneo development within a greater Malaysia. Existing projects in other territories were further developed, notably the Redhill industrial estate under the management of Singapore Factory Development Ltd, planting of oil palms at Mostyn Estates Ltd (in partnership with Wallace Bros) and of rubber, abaca (manila hemp) and cocoa at Borneo Abaca Ltd and housing finance by Borneo Housing Development Ltd.

(4) For some time past there have been discussions about the possibility of the creation of a Federation of Malaysia in which might be integrated the independent Federation of Malaya with Singapore and the Borneo territories. These discussions have reached a new stage with the joint Malayan/British announcement of 22 November 1961 and the sending of a joint mission with Lord Cobbold as Chairman, to ascertain the views of the people of North Borneo and Sarawak. If these territories are included in an independent Malaysia such a development might, as the law now stands, lead to a restriction of CDC ability to undertake new projects. In last year's report, there were described the steps taken by CDC to minimise the effects of such a restriction due to the earlier achievement of independence by the Federation of Malaya, through CDC association with the foundation and activities of local development agencies. Similar institutions are being fostered in the Borneo territories (for instance Borneo Housing Development Ltd and Borneo Development Corporation Ltd) but the ability of these agencies to fill the gap left by restrictions of CDC activities is inevitably even less than their counterparts in the more prosperous and more highly developed economy of the Federation. CDC hopes, with confidence of the outcome, that a way will be found to enable new CDC initiatives within the framework of a larger Commonwealth nation in South-East Asia.

(5) Much progress has been made by CDC with local staffing. Three projects are now wholly staffed by Malaysians, with managers from the University of Malaya trained within the CDC organisation. Six plantation cadets have graduated to management positions, with four more under training; out of thirty-seven plantation executive staff in Malaya and Borneo 35% are from South-East Asia; Kulai Oil Palm Estate is also training oil palm planters for the Federal Land Development Authority. The CDC Borneo Scholarship Fund has so far made five awards for the further training outside Borneo of staff from Borneo projects, and an engineer is under training for oil palm factories.

(6) The Fiji Development Company, a wholly owned development agency incorporated in 1960, has made an excellent start. It manages Government's Housing Authority, has been invited to manage the new Land Development Authority, is investing in Pacific Lumber Company with Fletchers of New Zealand, and has agreed investment in and management of a Fiji building society. It is well on the way to becoming a major instrument for developing the Fiji economy on the lines recommended in the Burns Commission report.

(7) Regional income from profits of direct projects, interest, dividends and fees, after deducting cost of the regional organisation but before providing for Head Office costs and British Government interest, amounted to £915,000, a reduction of some £100,000 as compared with 1960 due to a reduced distribution from Borneo Abaca Ltd. The return on the capital employed fell from 6.8% to 6% which still gives a small margin over current British Government interest.

Borneo Territories

(M\$8.57—£1)

39 Borneo Abaca Ltd *General Manager: J. L. W. BAXTER*

(1) (a) Issued capital M\$17,142,900 (£2,000,000); M\$16,714,300 (£1,950,000) held by CDC and M\$428,600 (£50,000) by Harrisons & Crosfield Ltd;

(b) CDC loan account increased by £221,244 to £295,817 (1960 £74,573).

(2) The company grows abaca (manila hemp), rubber and cocoa:

(a) *Abaca*

(i) Total area under abaca 3,826 acres of which 3,051 acres on Table Estate and 775 acres on Balung Estate; Table acreage increased by 105 acres new planting in 1961;

(ii) abaca crop was again a record at 3,927 tons (1960 3,344 tons) due to larger producing acreage and good yields;

(iii) sales £484,481 (1960 £485,086); trading profit £110,577 (1960 £179,362) after charging £32,541 amortisation of abaca plantations; falling prices reflect increasing competition from synthetic fibres, especially in the marine cordage industry;

(iv) as a result of a careful study by two eminent visiting scientists, a modified system of combating bunchy top virus, which does not at present occur in a virulent form, is being tried out on a limited area; the disease incidence has fluctuated during the year and has shown some increase on last year's figures.

(b) *Rubber*

(i) Rubber area increased from 13,979 acres to 14,634 acres by planting of reserve land; in addition 207 acres replanting undertaken during the year;

(ii) replanting is now being undertaken at the maximum speed; 2,060 acres new planted and 2,066 acres replanted since 1955 are not yet mature but there are still more than 9,000 acres of old seedling rubber awaiting replacement;

(iii) rubber crop at 6,109,393 lb. was slightly below 1960 record crop of 6,287,524 lb; lower crop is due to cutting out of old areas for replanting, not yet compensated by yields from the new areas; production from latter should start overall increase from 1964;

(iv) sales £543,564 (1960 £635,510); average fob price obtained 20.52d per lb (1960 26.41d); trading profit £98,057 (1960 £234,757) after charging £37,881 for amortisation of rubber plantations.

(c) *Cocoa*

(i) A small increase of 20 acres during the year to total 972 acres; management has concentrated on consolidation of present acreage, harvesting and manufacture of the first substantial crop, and preparing land for future expansion;

(ii) the crop at 116 tons was nearly double the estimate, with yield of 829 lb an acre from the 68 acres planted 1955/56 and 783 lb an acre from the 233 acres planted 1957; these yields are most encouraging, but the unstable price and need for increased experience still indicate caution before large expansion of acreage is undertaken;

(iii) sales £15,679 (1960 £5,106).

(3) (a) Summarised profit and loss account compared with 1960:

	1961	1960
	£	£
Total sales	1,043,725	1,165,703
Cost of sales	825,114	750,331
Gross profit	218,611	415,372
Administration, education, research costs, etc.	101,015	93,816
	£117,596	£321,556

(b) provision for a dividend of 5½% (£110,000) has been made.

(4) *General*

(a) Financial results have been severely affected by lower prices for all three crops, particularly rubber and abaca;

(b) (i) the considerable acreage of high yielding rubber planted since 1955 will begin to come into substantial production in 1964 when the company's trading profit should show a corresponding improvement;

(ii) but in the meantime reorganisation in both field and factories should result in improved quality and lower costs;

(c) during the year the company provided education, medical and social services at direct cost of £44,533 (1960 £39,251) and incurred capital expenditure on housing and amenities for the estate population of £50,506 (1960 £52,289); further expenditure above current levels must depend on the company's ability to increase profits despite present trend in world prices and the heavy expenditure required to maintain and renew present cultivation;

(d) the first four Borneo plantation cadets have successfully completed their three-year apprenticeship and were all promoted to estate assistants from 1.1.62.

40 Borneo Development Corporation Ltd *Manager: SHIM KAH FOO*

(1) A CDC wholly owned subsidiary incorporated in 1958; authorised share capital M\$450,000 (£52,500) of which M\$55,000 (£6,417) issued at 31.12.61.

(2) Negotiations have been concluded since the year end for North Borneo Government and Sarawak Development Finance Corporation each to invest M\$250,000; participation by private investors will also be sought. This should pave the way for wider activity in the industrial and commercial field throughout the Borneo territories.

(3) The company is already associated with the Sarawak Development Finance Corporation in the development of an industrial estate in Kuching, at an estimated cost of M\$2,140,000 of which BDCL is contributing M\$1,284,000 (about £150,000). When completed, the estate, which is being developed in two stages, will comprise 29 lots. By year end 11 lots had been allocated to seven factories of which two were completed and two were under construction. The estate was officially declared open in October.

(4) The company is currently investigating the feasibility of constructing in association with Sarawak Development Finance Corporation, a number of godowns in Sibü for sale to industrialists and merchants.

(5) The company shares management and offices in Kuching and Jesselton, with Borneo Housing Development Ltd (para 41).

(6) Loss for year £773 (1960 loss £2,488). A profit might well be earned in 1962.

41 Borneo Housing Development Ltd *Manager: SHIM KAH FOO*

(1) (a) Issued share capital 3,000,000 M\$1 shares, of which 2,000,000 (£233,333) have been subscribed by CDC and 500,000 by each of the North Borneo and Sarawak Governments. During the year CDC subscribed M\$990,000 (£115,500) in respect of 900,000 shares allotted in 1961 and 100,000 shares allotted at the end of 1960 on which 10c per share had already been paid;

(b) loans and deposits with the company at 31.12.61 totalled M\$4,157,715 (1960 M\$2,992,337) including long term loan from Sarawak Government of M\$3,212,715 (1960 M\$2,442,337);

(c) CDC has undertaken to make available a further M\$6,000,000 (£700,000) when needed.

(2) A branch office of the company was opened in Jesselton on 1.7.61. Management and offices in both Kuching and Jesselton are shared with Borneo Development Corporation Ltd (para 40).

(3) The association with the territorial Governments is most welcome as is also the co-operation of the Chartered Bank in Sarawak and of the Hongkong and Shanghai Banking Corporation in North Borneo, both of which are helping with finance and on the company board.

(4) Mortgage asset at 31.12.61 was M\$8,747,000 (Sarawak M\$7,238,000, North Borneo M\$1,509,000) representing 643 mortgage accounts, an increase of M\$4,220,000 during the year. Further transfers to the company from the Sarawak Government staff housing scheme accounted for M\$770,000 of the increase; other mortgages in Sarawak expanded by M\$2,700,000 and in North Borneo M\$750,000.

(5) Profit of £22,196 (1960 £6,358) has enabled a first dividend of 2½% free of tax to be paid.

42 Electra House Ltd

(1) CDC is to join Sarawak Government and Sarawak Electricity Supply Co Ltd in the formation of Electra House Ltd, a company which will build and operate an office commercial block in Kuching. The estimated capital cost of the development is M\$2,550,000. Each of the parties is to contribute M\$300,000 (£35,000) in equity; the balance of capital required is to be provided by Hongkong and Shanghai Banking Corporation in the form of a 7 year loan.

(2) Sarawak Government will make available a site in the centre of Kuching. The lower floors of the building will contain shops, showrooms and car parking facilities, above which will be a central tower block containing offices. The new building will be air-conditioned throughout.

(3) Borneo Development Corporation Ltd (para 40) will manage this property company.

43 Limbang Oil Palm Pilot Scheme

- (1) A small pilot scheme to test on 20 acres how well oil palms will grow in the Limbang River valley in the Fifth Division of Sarawak.
- (2) CDC and Sarawak Government have each agreed to contribute up to £5,000. If the trial is a success, it is hoped that an integrated estate/smallholder oil palm and general farming scheme will be jointly developed in partnership with the local communities, bringing to Sarawak both a new crop and a new method of capitalising smallholder farming. Meantime, Government is carrying out drainage and land rights surveys over a wide area allocated for development.
- (3) At 31.12.61 the area had been cleared and fenced, drains completed and 5 acres planted with palms from Mostyn Estate (para 44). The remainder of the area will be planted from a nursery established on the scheme.
- (4) It is pleasing that the trial has been successfully developed by a CDC trained Sarawak cadet on secondment from Borneo Abaca Ltd (para 39).

44 Mostyn Estates Ltd *Manager: N. KINGSLEY-PALLANT*

- (1) Authorised capital M\$20,750,000 (£2,420,833); issued M\$3,650,000 (£425,833) in M\$10 ordinary shares held equally between CDC and North Borneo Timbers Ltd (a subsidiary of Bombay Burmah Trading Corporation Ltd and Wallace Brothers & Co (Holdings) Ltd). Borneo Abaca Ltd (para 39) act as secretaries and agents.

Collecting the first fruits from four-year-old oil palms at Mostyn Estates Ltd

Photograph by N. Kingsley-Pallant



- (2) The approved acreage is 6,400 acres of oil palms including 1,400 acres of smallholdings. 950 acres were planted with oil palms during 1961, making a total of 2,000 acres of which 200 acres planted in 1959 should produce a first small harvest in 1962. 1962 planting programme is 1,000 acres.
- (3) A start has been made on a smallholder scheme to be run under the supervision of the estate, 600 acres of the 1961 programme being earmarked for smallholdings. The first prospective smallholders have shown some difficulty in adjusting themselves to local conditions and recruiting policy will need to be reviewed.
- (4) A factory company was incorporated on 29.12.61 under the name Mostyn Palm Processing Ltd.
- (5) Abaca production continued as a subsidiary crop on 655 acres; crop of 425 tons was exceptional (1960 240 tons).
- (6) Net profit £27,319 (1960 £5,244) which will be carried forward.

Federation of Malaya

(M\$8.57=£1)

45 Central Electricity Board

- (1) CDC loan of £7,077,950 is repayable over 25 years from 1960 when the Central Electricity Board exercised its right to convert and extend three existing debentures; first repayment was made in March 1961 and the loan stood at £6,953,416 at 31.12.61.
- (2) Original CDC debentures were for the construction of Connaught Bridge Power Station; Malayan Government, International Bank, Commonwealth Development Finance Co Ltd and other lenders have provided funds for extension of the Board's activities. Work continued on the Cameron Highlands hydro-electric scheme throughout the year; all main contracts have now been awarded, the power station cavern has been fully excavated and work has been started on the foundations for the generating plant; there are good prospects that the first generating set will be ready for testing in February 1963 as planned.
- (3) Consumption of electricity increased by 16.1% to 633m units (1960 545m units); largest increases were amongst mining (25.8%) and commercial and industrial power users (19.7%).

46 Federal Land Development Authority

- (1) During the year FLDA drew £600,000 against the loan commitment entered into by CDC in 1956. The loan is repayable by annuities from 1970 to 1994.
- (2) The Authority was set up by the Federal Government in 1956 to promote and carry out agricultural development and land settlement schemes in association with State Governments. The Federal Government had advanced M\$13.8m to the Authority as at 31.12.61.
- (3) 35 schemes are under development with 45,000 acres, supporting about 4,500 settlers, at 31.12.61. Eventual target for these schemes is 120,000 acres and 12,000 settlers. Intention is to start 12 new schemes every year.
- (4) FLDA already has 1,000 acres oil palms planted near CDC's Kulai Estate (para 48) as part of a 4,000 acre scheme. Fruit from these palms will be processed in Johore Palm Processing Ltd factory (para 47).
- (5) CDC is represented on the Board and the Manager of Kulai Estate provides advisory services.

47 Johore Palm Processing Ltd *Manager: J. STEWART*

- (1) Capital £246,989 (1960 £255,276) in shares and loan wholly owned by CDC, either directly or indirectly through Kulai Oil Palm Estate Ltd (para 48).
- (2) The factory processes fruit from Kulai Oil Palm Estate and will process fruit for other producers in the area. The smallholder oil palm scheme sponsored by Federal Land Development Authority (para 46) made a start with 1,000 acres planted in 1961 out of planned 4,000 acres and a neighbouring rubber estate has also started replanting with oil palms. The company will function as a co-operative processing unit for its members who will own shares in proportion to planted acreage.
- (3) Plans are under consideration for the next stage of factory expansion. Extra machinery will be required in 1964 to process the increased crops expected in 1965.
- (4) An engineering cadet is on scholarship undergoing Polytechnic training in Singapore.
- (5) 4,085 tons of oil (1960 3,966 tons) were processed during the year at a cost of £97,937 (1960 £95,501). Slightly increased throughput resulted in a modest decrease in production cost per ton (from £24.08 in 1960 to £23.97 in 1961). Any surplus over processing costs including interest is returned to producers in proportion to their shareholdings.

48 Kulai Oil Palm Estate *Manager: J. STEWART*

- (1) (a) Kulai Oil Palm Estate Ltd has been incorporated as a wholly owned CDC subsidiary with an authorised capital of M\$10m (£1,167,000) to take over the assets of the CDC oil palm estate at Kulai; final conveyance is held up pending clarification of the tax position;
(b) CDC capital investment at 31.12.61 was £1,034,943 (1960 £1,044,779);
(c) Guthrie Agency (Malaya) Ltd are managing agents.
- (2) (a) The estate's 5,128 acres are now fully planted; 391 acres of old pre-war palms were replanted during the year with new high-yielding stock as the first instalment of a three-year programme;
(b) 1,000 acres of the neighbouring smallholder scheme sponsored by the Federal Land Development Authority (para 46) were planted with material grown in the Kulai nurseries; the estate manager acts as planting adviser to the scheme.
- (3) During the year Kulai has had two CDC cadets and six FLDA cadets under training in oil palm cultivation, and six more will start training in the new year in preparation for adoption of oil palms as the main crop for many land development schemes under the rural development programme. CDC is glad to have had the chance to co-operate with FLDA in this training programme and is very willing to continue to help.
- (4) Production at 4,085 tons oil (1960 3,966 tons) and 965 tons kernels (1960 958 tons) was only slightly more than previous year, but 1960 was an exceptional crop year in South Malaya, and the 1961 production was also reduced owing to the acreage cut out for replanting.
- (5) Increased profit £103,006 (1960 £89,645) reflected higher average oil sales prices at £74.4 per ton (1960 £71.9 per ton).

49 Malaya Borneo Building Society Ltd *General Manager: W. WOOD*

(1) (a) Issued share capital and borrowings at 31.12.61 were in M\$ millions (M\$1=2s 4d)—

	<i>Ordinary shares</i>	<i>Preference shares</i>	<i>Long-term loans</i>	<i>Deposits</i>	<i>Total</i>
CDC	15.0	9.1	5.4	—	29.5
Federal Government	9.7	5.0	—	—	14.7
Hongkong & Shanghai Banking Corporation	—	—	10.0	—	10.0
Employees Provident Fund	—	—	9.0	—	9.0
Housing Trust	—	—	3.5	1.0	4.5
Other depositors	—	—	—	12.9	12.9
Total, M\$ million	24.7	14.1	27.9	13.9	80.6

(b) other depositors include Government of Perak, insurance companies, banks and co-operative societies.

(2) (a) The Employees Provident Fund has now undertaken to lend up to M\$30m to the Society; M\$9m had been drawn by 31.12.61 and the remaining M\$21m will absorb much of the Society's unused borrowing powers (which are limited to two-thirds of the mortgage asset);

(b) trustee status for loans and deposits with the Society, agreed in principle by the Federal Government in 1959, still awaits amendment of trustee legislation.

(3) 1,494 applications for loans were approved during the year involving a sum of M\$14.7m (1960 1,658 applications, M\$15.9m).

(4) The mortgage asset at 31.12.61 was M\$86m having increased by M\$0.5m during the year (1960 decrease M\$0.8m); active mortgage accounts totalled 11,886 (1960 11,309). The mortgage asset and advance commitments in M\$ millions are territorially—

	31.12.61		31.12.60	
	<i>Asset</i>	<i>Commitments</i>	<i>Asset</i>	<i>Commitments</i>
Federation of Malaya	54.5	6.1	50.0	6.7
Singapore	31.5	1.9	35.5	1.2
	86.0	8.0	85.5	7.9

The size of the mortgage asset in the Federation continues to increase relatively to that in Singapore.

(5) The Society continues to provide advisory and management services to public, private and trustee bodies in connection with their housing loan schemes.

(6) The Society's lending rate was reduced from 8% to 7½% on 1.1.61 and remained unchanged throughout the year. Following this reduction the accounts show a somewhat lower profit, M\$2.23m compared with M\$2.48m in 1960. The dividend declared on ordinary shares was however raised from 6½% to 7½% as it was considered that the level of reserves which now stands at 5.5% of the mortgage asset justified this increase.

50 Malayan Cocoa Ltd

- (1) Issued capital M\$1,650,000 comprising—
 - (a) ordinary shares M\$10 each M\$1,320,000 fully paid; shares are held as to one third each (£51,333) by Cadbury Bros Ltd, CDC and plantation companies in the Harrisons & Crosfield Ltd group;
 - (b) 7½% redeemable preference shares M\$10 each (M\$7 per share paid up) M\$330,000 held equally by Cadbury Bros Ltd and plantation companies in the Harrisons & Crosfield group.
- (2) Manager, C. C. Brooker; secretaries and agents, Harrisons & Crosfield (Federation of Malaya) Ltd.
- (3) Company has 506 acres cocoa planted at Jerangau in Trengganu State which have been carefully maintained by control of pests, grasses and overhead shade, and by limited inter-planting.
- (4) The condition of trees affected by dieback showed some improvement at the beginning of 1961, but, by the end of the year, all varieties, including the hardier Upper Amazon, were affected. Incidence of dieback appears to be associated with wet weather conditions generally, but no cause or cure has yet been established.
- (5) Company loss on first trading year to 31.3.61, £9,660. A provision is held against book value of CDC investment.

51 Malayan Industrial Development Finance Ltd

- (1) (a) Authorised and issued capital 150,000 shares of M\$100 each, M\$15m; during the year there was a call of M\$25 per share and paid up capital at 31.12.61 was M\$9m;
(b) CDC, through its wholly owned subsidiary Malaya Developments Ltd, has taken up M\$2.5m (£291,666) of share capital of which M\$1.5m (£175,000) had been paid up by 31.12.61. Other main shareholders are Federation Government, principal Exchange Banks and insurance interests operating in Malaya.
- (2) Advances to industry to 31.12.61 amounted to M\$3,406,000 of which M\$3,322,000 was outstanding; forward commitments amounted to M\$11,577,000. By end of year advances plus commitments thus absorbed almost the whole of the company's initial capital and further capital will need to be raised if the company is to expand.
- (3) Advances and commitments covered 14 loans to industry, of which 7 were for sums less than M\$50,000, 2 for sums between M\$50,000 and M\$1m, 5 over M\$1m. Industries assisted include sawmilling and manufacture of rubber tyres, aluminium and matches. Underwriting and public issue of 4,680,000 M\$1 shares of Dunlop Malayan Industries Ltd were successfully undertaken, activities which should have a useful future.
- (4) Now that the company is well established with a small portfolio of sound business, it proposes to promote economic studies for industry and has engaged an experienced industrial economist for that purpose.
- (5) Net profit for first full year of operation to 31.3.61 was M\$18,847 before tax.

52 United Cocoa Development Co Ltd

- (1) Issued capital £160,000 represented by 16,000 shares of £10 each of which £9 per share (£144,000) paid up by 31.12.61; principal shareholders are Cadbury Bros Ltd, CDC, Harrisons & Crosfield Ltd and Van Houten & Zoon NV; others include continental and British chocolate manufacturers. CDC investment is £19,071 (2,119 shares).

- (2) Manager, C. C. Brooker; managing agents, Harrisons & Crosfield (Federation of Malaya) Ltd.
- (3) The company has 581 acres planted on Landas estate, four miles from Malayan Cocoa's Jerangau estate (para 50).
- (4) Eradication of grass and adjustment of overhead shade carried out during 1961 appear to have had some affect in counteracting dieback. Policy is to maintain present planted acreage while further information is gathered on dieback and cocoa yields as trees mature.
- (5) This company is not yet trading. A provision is held against book value of CDC investment.

Fiji

(F£1.11=£1)

53 Fiji Development Co Ltd *Manager: G. I. FIRMSTON-WILLIAMS*

- (1) A wholly owned CDC subsidiary incorporated in Fiji in 1960; authorised share capital F£100 (£90) increased since year end to F£500,000 (£450,450): issued at 31.12.61 F£100.
- (2) Initially the company was set up to investigate and formulate development schemes in Fiji and other British territories in the Western Pacific. Capital has now been increased so as to enable the company to participate in financing sound economic projects emerging from investigations.
- (3) During the year, the company—
 - (a) assumed management responsibility for Government's Housing Authority for an initial period of 3 years from 1st January 1961; Housing Authority made steady progress, and put in hand the building of 81 houses in terraces;
 - (b) agreed to establish, in association with Government, the first building society in Fiji (para 54) to help finance the purchase of homes by those not eligible for assistance from the Housing Authority;
 - (c) launched, in association with Fletcher Timber Co Ltd and Native Land Trust Board the logging and sawmilling project (para 55) reported as under discussion last year;
 - (d) accepted Government's invitation to manage the newly established Land Development Authority: CDC has arranged to second to FDC a senior member of its agricultural staff who will advise the Authority on its settlement and land development schemes;
 - (e) was appointed Secretaries/Accountants to Cathay Hotels (Fiji) Ltd; Kadavu Timber Co Ltd (a Fiji registered sawmilling company in which Fletcher Timber Co Ltd acquired a controlling interest during the year) and Pacific Lumber Co Ltd.
- (4) FDC loss for the year £4,466. (Three months to 31.12.60 loss £4,087).

54 Fiji building society

- (1) CDC, through Fiji Development Co Ltd (para 53) is to become associated with the Government of Fiji in the formation of a building society. FDC's contribution will be F£100,000 (£90,030) in equity and F£100,000 in sterling loans repayable by 13 annuities from end of the eighth year. Government will vest in the society the mortgage loan assets of the Civil Service Loans Fund, present value about F£200,000, in return for which it will be issued with an equivalent amount of loan stock repayable in 20/25 years, F£50,000 of which is to be converted into equity at end of 5 years and a further F£50,000 of which may be similarly converted at end of 10 years. Additional funds are expected to be raised locally on short and medium terms from banks, insurance companies and the general public.

- (2) Loans by the society will be restricted to a maximum amount of F£2,500 and will be repayable over a period not longer than 15 years.
- (3) The Board of the building society will comprise three Directors nominated by FDC and two by Government. FDC will manage.

55 Pacific Lumber Co Ltd

- (1) (a) Incorporated 14th October 1961 with issued share capital F£180,000 (£162,162) of which CDC, through its wholly owned subsidiary, Fiji Development Co Ltd (para 53) has subscribed F£65,000 (£58,559), the Fletcher Timber Co Ltd F£65,000 and Native Land Trust Board (representing the owners of the forestry concessions) F£50,000;
- (b) CDC, through FDC, will also make a secured loan of £100,000 repayable over 20 years and Bank of New Zealand will lend up to F£75,000.
- (2) The company will extract and mill timber in the Nausori Highlands of Viti Levu, Fiji, mainly for local markets, though part of its production is expected to be exported to New Zealand. The mill output should reach nearly 3m feet (board measure) of lumber by 1963, the greater part of which will be dressed and treated by the Company.
- (3) The Fletcher Timber Co Ltd has been appointed Managers and FDC Secretaries/Accountants.
- (4) Erection and installation of the mill building and machinery was half completed by the end of 1961; milling is expected to start early in April 1962.
- (5) This project in addition to giving employment to Fijians, will help the Colony's balance of payments position by saving on imported lumber. It is a further example of CDC's association with private enterprise of another Commonwealth country and with local interests.

Hong Kong

(HK \$16 = £1)

56 Property Development (Industrial) Ltd

- (1) (a) Issued capital at 31.12.61 was 320,000 ordinary shares of HK \$10 each (HK \$6 paid); CDC held 64,000 shares (£40,000 nominal, £24,000 paid) and has undertaken to take up a further 16,000 shares (£10,000) if required;
- (b) CDC has agreed to provide the £200,000 loan capital; nothing had been drawn by 31.12.61.
- (2) CDC is associated with the Hongkong Realty & Trust Co Ltd and other Hong Kong interests in financing this company, formed in 1961 to build and lease a block of flatted factories in New Kowloon, Hong Kong, at a total cost, including land, estimated at £420,000. Lease of the site has been purchased and a 10-storey building will be erected with self-contained factory accommodation on each floor and amenities to ensure good working conditions; completion is expected by the end of 1962.

Singapore

(M\$8.57=£1)

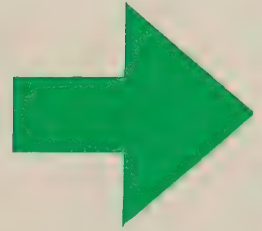
57 Singapore Factory Development Ltd *Manager: LEE EK HUA*

- (1) (a) Wholly owned CDC subsidiary: share capital M\$474,770 (£55,390);
(b) CDC advances at 31.12.61 £109,616 (1960 £103,682).
- (2) The company has continued the business of financing industrial estate development in Singapore and at year end had made 28 loans to industrialists. The company is operating on the following five estates, the first two of which are virtually completed—
 - (a) Bukit Timah—40 out of 52 acres have been developed for large industries;
 - (b) Alexandra Road—27 standard factory units have been built on 7 acres in conjunction with Singapore Housing and Development Board;
 - (c) Redhill Industrial Estate—28 standard factory units and 11 private lots are being developed on 23 acres and are partly complete;
 - (d) Kampong Ampat and Bendemeer Road—19 standard factory units and 13 private lots are to be developed on 7 acres.
 - (e) Tanglin Halt—mortgage loans are available to industrialists setting up on 62 private lots developed by Singapore Housing and Development Board.
- (3) Progress in 1961 has shown a definite improvement on recent years. UN Mission has completed a special report on Singapore's industrialisation, which is envisaged will cost M\$800m and will provide 78,000 jobs over 10 years. As a result, Government set up an Economic Development Board staffed by senior officials and UN counterpart advisers. SFDL and Housing and Development Board already work very closely and it is expected that the closest relationships with Economic Development Board will be developed. Negotiations are in hand for making more loan capital available to SFDL which will enable it to accelerate its factory mortgage finance programme in 1962.
- (4) Net profit £3,360 after CDC interest £5,142 (1960 £1,339—CDC interest £3,561).

Singapore Factory Development Ltd; a new factory nears completion on the Redhill Industrial Estate



EAST AFRICA REGION



Includes :

ADEN, KENYA, UGANDA,
TANGANYIKA, SEYCHELLES,
MAURITIUS, ZANZIBAR

Regional Controller :

P. M. WISE

Regional Office :

BOMBAY HOUSE, VICTORIA STREET,
NAIROBI, KENYA

Tanganyika Office :

CDC (TANGANYIKA) LTD,
BARCLAYS BANK BUILDING, ACACIA AVENUE,
DAR-ES-SALAAM



EAST AFRICA REGION

- 1 East Africa Development Corporation Ltd
- 2 First Permanent (East Africa) Ltd

Kenya

- 3 Block Hotels Ltd
- 4 East Africa Industries Ltd
- 5 Kenya Central Housing Board
- 6 Kenya Meat Commission
- 7 Kenya Power Co Ltd
- 8 Land Development and Settlement Board
- 9 Nyambeni Tea Co Ltd
- 10 Oceanic Hotel Ltd
- 11 Special Crops Development Authority
- 12 Unga Ltd

Tanganyika

- 13 Bird & Co (Africa) Ltd
- 14 Kilombero Sugar Co Ltd
- 15 Liganga Iron Ltd
- 16 Maramba Estate Ltd
- 17 Mbeya Exploration Co Ltd
- 18 Rungwe Coal Co Ltd
- 19 Tanganyika Coalfields Ltd
- 20 Tanganyika development company
- 21 Tanganyika Electric Supply Co Ltd
- 22 Tanganyika Extract Co Ltd
- 23 Tanganyika Millers Ltd
- 24 Tanganyika Wattle Co Ltd
- 25 Tangold Mining Co Ltd

Uganda

- 26 Kilembe Mines Ltd

58 Regional summary

(1) There are 26 continuing projects in East Africa, comprising agriculture and forestry, mines, processing plants and factories, hotels, electricity supply and housing mortgage finance. Four new projects were approved during the year while Macalder-Nyanza Mines Ltd has dropped out. Total commitment at 31.12.61 was £22,484,000 (1960 £22,688,000) of which £16,361,000 (1960 £16,352,000) was invested at the year end.

(2) Tanganyika attained independence on 9th December, 1961. Uganda is due to achieve independence on 9th October, 1962, and Kenya will no doubt follow in due course. CDC has taken steps to arrange for some continuation of its operations as a promoter of new enterprises by negotiating joint development agencies with the territorial Governments.

(3) Regional revenue from interest and dividends, fees etc, after deducting cost of regional organisation but before providing for Head Office costs and British Government interest, amounted to £715,000 representing 4.5% of capital employed—a satisfactory increase over the figure of 3.4% for 1960; but it has been thought prudent to make provisions equivalent to the whole East African net revenue against likely further substantial losses in respect of mining investments in the region.

(4) *Kenya*

Two new projects were approved during the year. Negotiations were completed between Kenya Government, the International Bank and CDC whereby the Bank and CDC will join in financing the Government's project for developing African settlement schemes in the former White Highlands. CDC has also established the First Permanent (East Africa) Ltd as a wholly owned CDC subsidiary to take over the East African business of the First Permanent Building Society.

(5) Last year's report announced the decision to close down the Macalder-Nyanza Mine. Run-down operations during the year in accordance with the selective mining policy which has been instituted have resulted in a recovery of some £115,000. These results reflect great credit on the company's general manager, who took over in March 1961, and on the mine's staff. The results would have been even better had it not been for the heavy rains and floods in November and December which disrupted power supplies and hampered operations both above and beneath ground.

(6) The Special Crops Development Authority which has been largely financed with CDC money has got off to a good start and the planting programme was kept up to schedule despite the extraordinary weather during the latter part of the year. The allied project at Nyambeni has also substantially carried out its tea planting programme. Negotiations continued during the year for the establishment of factories to process tea produced by the African farmers financed by the Special Crops Development Authority. Since the end of the year arrangements have been completed for financing the first two factories which will be required to start operations in 1963.

(7) CDC's associated companies had generally a good trading year despite the present economic difficulties of East Africa and the disruption caused by the floods at the year end. East Africa Industries Ltd producing margarine, edible oils and soaps under Unilever management had a record year for turnover and profits: so did Unga Ltd (flour milling and bakeries), Block Hotels and the Kenya Meat Commission.

(8) *Tanganyika*

Two new projects were approved and tentative plans agreed for a third. CDC is joining

with the Mitchell Cotts Group in providing processing facilities for the expanding pyrethrum industry in Tanganyika and has agreed with the Tanganyika Government and the Federal Government of Germany to form a tripartite development company. An expert mission has been arranged to investigate a scheme for African smallholder tea growing in Bukoba district.

(9) Good progress was made with the Kilombero Sugar Company's development programme. Cane for the initial production phase has been planted and construction of the mill is well advanced. It is expected to start sugar production in September 1962. At Maramba the new cocoa plantings again suffered from drought in the early part of the year but the later rains have done much to improve the position. Construction of the Tanganyika Electric Supply Company's hydro-electric station at Hale was started in October and has gone ahead despite difficult weather conditions.

(10) The three trading companies in which CDC has an interest all had a difficult time for different reasons. The sisal at Bird & Co (Africa) Ltd was reduced owing to adverse weather conditions. Tanganyika Wattle Company, by the most stringent economies, just managed to break even despite the obstacle of a heavily restrictive quota on the extract which it could sell and Tangold Mining Company's production of gold was much below estimate owing to a reduction in the grade of ore mined. Prospects for the first two companies should improve but the position of Tangold is serious.

(11) *Uganda*

Kilembe Mines Ltd, CDC's sole project in the territory again made a modest profit which could have been better had it not been for the interruptions owing to weather. A wholly owned subsidiary, CDC (Uganda) Ltd was registered on 13.2.62.

59 East Africa Development Corporation Ltd *Manager: P. C. A. SMALLEY MBE*

(1) This wholly owned CDC subsidiary supervises the loans which CDC has made to the three Societies which have handled practically all the Building Society business transacted in East Africa in recent years.

(2) CDC agreed to help the Societies meet heavy withdrawals by depositors and shareholders by lending up to £2,260,000. Amounts drawn at 31.12.61 totalled £1,930,000 as under—

First Permanent Building Society	£860,000
Kenya Building Society	£620,000
Savings & Loan Society Ltd	£450,000

It is to be expected that the balance of £330,000 will be drawn during 1962.

(3) The First Permanent Building Society position is dealt with in para 60. It may be necessary to consider with interested parties the position of the other two Societies if the present financial arrangements prove insufficient.

60 First Permanent (East Africa) Ltd

(1) This wholly owned subsidiary was registered in Kenya on 28.12.61 with a nominal capital of £1,000.

(2) CDC agreed in April 1961 to a request by the East African and Northern Rhodesia Governments that Mr J. Burgess, CDC's Building Society consultant, should visit East Africa and Central Africa to report generally upon the position of the First Permanent Building Society. The recommendations of Mr Burgess's report have been accepted by all interested parties and it has been agreed in principle that the Society's business should be divided into two units, one for Central Africa and one for East Africa. CDC has acceded to the request of the territorial Governments, approved by the British Government, that CDC should take over financial responsibility

for the Society's East African engagements, contingent upon detailed arrangements being worked out.

(3) Legislation has been passed in Northern Rhodesia enabling the split to be made and CDC has incorporated the proposed transferee of the East African engagements, First Permanent (East Africa) Ltd. Negotiations are still proceeding. Pending completion of negotiations, at the request of the Society's Board its business in East Africa is being conducted through a Committee of Management nominated by CDC.

Kenya

(EA Shgs 20=£1)

61 Block Hotels Ltd

(1) This is a public company with a share capital of EA Shgs 9,600,000 after a bonus issue on 30.11.61 of 1 share for 3 held. CDC now holds 26,666 shares and has £112,500 debentures.

(2) The company owns and operates the two premier hotels in Nairobi—the New Stanley and the Norfolk. With progressive and efficient management, these hotels continue to provide a high standard of service to tourists and residents.

(3) Net profit for the year to 30.6.61 was £147,786 (1960 £94,920); dividend 20% (1960 16%). Increased profits were largely due to the extensions to the New Stanley Hotel, completed in September 1959, being in full use for the year to 30.6.61.

62 East Africa Industries Ltd

(1) (a) Issued capital EA Shgs 15,000,000 (after bonus issue on 29.12.61 of 174,000 ordinary shares of EA Shgs 20 each) is represented by—

(i) ordinary shares EA Shgs 13,560,000 held as to 50% by Unilever Limited, 33½% (£226,000) by CDC and 16½% by the Kenya Industrial Development Corporation;

(ii) 6% preference shares EA Shgs 1,440,000 held as to 66⅔% (£48,000) by CDC and 33½% by Kenya Industrial Development Corporation;

(b) £31,667 of CDC's loan to the company was repaid during 1961, leaving £100,000 outstanding as at 31.12.61.

(2) The company has a vegetable oil refinery and manufactures margarine and cooking fats, laundry and toilet soaps.

(3) There are two wholly owned subsidiaries, each with a capital of £10,000, the first incorporated in Uganda in 1960 and the second in Tanganyika in 1961. The subsidiaries have been formed with the object of promoting sales in these two territories.

(4) Sales of both edible products and soaps have again increased substantially. A new boiler and additional equipment to increase the capacity of the soap plant, which has been working at full capacity for some months, came into operation early in 1962.

(5) (a) Total sales £1,785,508 (1960 £1,331,909);

(b) net profit after tax £254,697 (1960 £176,811);

(c) 10% interim dividend paid on increased ordinary share capital of EA Shgs 13,560,000 (1960 20% for year on EA Shgs 10,080,000).

63 Kenya Central Housing Board

- (1) Loan of £2m (1954/58) for housing schemes. Loan repayable by annual instalments 1960/84; outstanding at 31.12.61 £1,840,000 (1960 £1,920,000).
- (2) At 31.12.61 the total advanced by the Board was £4,050,000 (1960 £3,760,000). New advances during the year included £293,000 to various local authorities and £9,000 for a tenant purchase scheme.

64 Kenya Meat Commission

- (1) £250,000 loan (1955) to expand the Commission's undertaking, guaranteed by the Kenya Government and repayable by 20 annual instalments 1956/75; amount outstanding at 31.12.61 was £175,000 (1960 £187,500).
- (2) The Commission is a statutory body operating abattoirs, by-product processing plants and the Government-owned canning factory at Athi River.
- (3) Livestock handled showed a further increase in 1961 and corned beef production at 12·6m cans showed a 50% increase on 1960. Turnover reached a record £4·6m (1960 £4·1m); exports were £2·6m (1960 £2·1m).

65 Kenya Power Co Ltd

- (1) In 1955 CDC subscribed £3·5m 5½% debenture stock 1975/85; the balance of the £7·5m issue was subscribed through a public issue in London.
- (2) Capital is EA Shgs 2,000 owned equally by Kenya Government, Power Securities Corporation Ltd and The East African Power & Lighting Co Ltd (distributors).
- (3) The company obtains power from its own hydro-electric stations at Tana and Wanjii and from the Uganda Electricity Board's Owen Falls station over the company's 280 miles of 132 kV transmission line from Tororo on the Uganda border to Nairobi. Kenya demand rose and the load met by the Owen Falls station reached a maximum of 34·845 MW (1960 23·925 MW).
- (4) (a) 280·5m units were sold in bulk during 1961 (1960 261·5m);
(b) the price is determined by a formula laid down by bulk supply licence designed to cover only the company's costs including service of capital.

66 Land Development & Settlement Board

- (1) International Bank for Reconstruction and Development and CDC approved in October 1961 loans of \$8·4m (£3m) and £1·5m respectively to Kenya Government for on-lending to the Land Development & Settlement Board. IBRD and CDC loans will help finance the development of farms to be settled by African farmers in the Highlands of Kenya. Nothing drawn at 31.12.61.
- (2) The Land Development & Settlement Board, a statutory body established in 1960, will administer the settlement and development programme, although the Ministry of Agriculture and other government agencies have important technical responsibilities. Up to 180,000 acres of high potential land is to be purchased in the Highlands for subdivision and sale to peasant farmers. In addition the Board is undertaking other settlement schemes. In all the programme involves the settlement of about 20,000 families on 360,000 acres at a total cost of £14m.
- (3) IBRD and CDC loans will be used for development purposes only, such as water supplies, fencing, farm buildings, purchase of stock and planting of cash crops. Advances will be made in respect of "sub-projects" to be submitted through Kenya Government to the lenders. Each sub-project will contain several settlement units of about 5,000 acres and the detailed information and plans will enable IBRD and CDC to appraise the technical, economic and human aspects involved.

67 Nyambeni Tea Co Ltd

(1) Capital £250,000 in shares of EA Shgs 20 each: CDC and Eastern Produce (Holdings) Ltd each holds 120,000 shares and the Meru African District Council holds 10,000 shares. Provision exists for an increase in the African District Council shareholding up to one-third of the total. At 31.12.61 all shares (except two fully paid subscription shares) were 8/- paid; CDC investment £48,001.

(2) This company was formed in February 1960 to establish a nucleus plantation of about 500 acres of tea in the Meru District of Central Province. The company is to build and operate a factory which will process leaf from both the nucleus estate and about 700 acres of African smallholders tea to be established in the neighbourhood under the Special Crops Development Authority (para 69).

(3) Eastern Produce Africa Ltd are the managing agents.

(4) In spite of exceptionally heavy rainfall during the planting season, planned development continued. By the end of 1961 about 162 acres of estate tea and 180 acres of smallholders tea were planted and most of the estate land had been cleared.

68 The Oceanic Hotel Ltd

(1) (a) Issued capital at 31.7.61 EA Shgs 6,800,000 of which EA Shgs 4,425,000 has been paid up; the company is a subsidiary of Uganda Coffee Curing Co Ltd;

(b) CDC has lent £125,000 (1957) on security, repayable 1960/67; balance outstanding at 31.12.61 £100,294 (1960 £125,000).

(2) The company owns and operates the Oceanic Hotel, Mombasa, which was opened in October 1958. The level of occupancy and sales turnover have increased but are still disappointingly low. The accommodation and service provided have, however, been maintained at a high standard which should ensure that the hotel will benefit from any improvement in the general economic conditions in East Africa.

69 Special Crops Development Authority

(1) Special Crops Development Authority was established by statute in 1960 to assist development of cash crops by African smallholders. CDC has agreed to lend £900,000 for 20 years against guarantee by the Kenya Government; and the Government will lend £60,000 and contribute access roads and field staff housing. At 31.12.61 the Authority had drawn £300,000 from CDC and £20,000 from the Government, and had taken over from the Central Province Tea Marketing Board responsibility for a Kenya Government loan of £126,125 against transfer of ownership of the Board's Ragati factory.

(2) The Authority is primarily concerned with the extension of tea growing by smallholders in the Central, Nyanza and Rift Valley Provinces; its objective by 1965 is some 9,000 acres of tea planted by about the same number of smallholders. At 31.12.61 the Authority was responsible for 4,075 planted acres of which 1,731 acres were planted during the year under its supervision with tea stumps grown largely in the Authority's nine nurseries.

(3) In 1961 362,820 lb of made tea were produced at the Ragati factory (1960 318,981 lb); 543,518 lb of green leaf grown by other smallholders were processed in private factories, the made tea equivalent being some 121,000 lb. Most of the tea is still young so yields are small.

(4) Field staff have been recruited and headquarters organisation set up including an accounting system to handle the Authority's relations with several thousand smallholders. To meet the cost,

a cess of 10 cents per lb is levied on green leaf delivered to factories. Committees representing growers have also been set up.

(5) Discussions continued during the year between the Authority, CDC and commercial tea companies about the basis on which the tea factories, which will be required to process small-holders tea grown under the scheme, should be financed and managed. Negotiations for establishment of factories at Othaya and Mataara in the Central Province have been completed since the end of the year.

70 Unga Ltd

(1) A subsidiary of Kenya Farmers Association (Co-operative) Ltd with issued capital EA Shgs 31m of which CDC holds EA Shgs 5m (£250,000). CDC also has a loan to the company of which the balance outstanding at 31.12.61 was £252,208 (1960 £269,234).

(2) The company operates flour, maize and provender mills in Kenya and through subsidiaries in Uganda and Tanganyika.

(3) During the year the company acquired, through a subsidiary, an interest in the baking industry in Nairobi by the purchase of the equity of old established businesses.

(4) The upward trend in the demand for wheaten products has continued. Net profit for the year to 31.7.61 after tax £210,278 (1960 £131,473). Dividend on ordinary shares 10% (1960 7½%).



Special Crops Development Authority: an Agricultural Instructor visits the tea smallholding of a Kikuyu farmer.

Tanganyika

(EA Shgs 20=£1)

71 Bird & Co (Africa) Ltd

(1) A public company with £1,129,500 issued ordinary capital to which CDC lent in 1958/59 £100,000 in 7½% convertible debenture stock (1973) and £300,000 in non-convertible debenture stock (1967/72). CDC now holds £50,000 7½% convertible debenture stock and £300,000 non-convertible debenture stock.

(2) At 31.12.61 total sisal acreage was 55,000 (1960 53,000). Total planted tea acreage was 1,814 (1960 1,889), a considerable shortfall in planted areas having been revealed by a survey carried out during the year.

(3) Profit for the year was adversely affected by drought in the early part of the year, lower sisal prices and higher working costs. Net profit before tax was £210,486 (1959/60 £393,879).

72 Kilombero Sugar Co Ltd

(1) This is a public company formed to develop a sugar cane estate with a sugar factory near the Great Ruaha River at Msolwa in the district of Ulanga, Tanganyika; it is financed, apart from preference shares taken up by the Tanganyika public (para (3)), by a consortium consisting of International Finance Corporation (IFC), CDC, Nederlandse Overzeese Financierings-Maatschappij NV (NOFC), NV Vereenigde Klattensche Cultuur-Maatschappij (VKCM) and the Standard Bank of South Africa Ltd (SBSA).

(2) Share and loan capital for the project is being provided as follows—

	Ordinary Shares £	Convertible Preference Shares £	Convertible Income Notes £	Convertible Debentures £	Total £
IFC	—	—	250,000	750,000	1,000,000
CDC	250,000	424,605	250,000	300,000	1,224,605
NOFC	275,000	—	—	100,000	375,000
VKCM	125,000	—	—	—	125,000
SBSA	—	239,175	—	—	239,175
Local shareholders	—	36,220	—	—	36,220
	650,000	700,000	500,000	1,150,000	3,000,000

The original estimate of cost to bring a 20,000 ton mill into production was £3,210,000; the balance of £210,000 is being provided by suppliers credit. At 31.12.61 CDC's investment totalled £1,134,605.

(3) The company's convertible preference shares are quoted on the Nairobi Stock Exchange. CDC and SBSA intend to make a formal offer for sale of further shares from their holdings after the factory has come into production in the latter part of 1962 when it is hoped that the number of shares in local investors' hands will be much increased.

(4) Managing Agents are VKCM. The Board of the company includes representatives of the sponsors and of local interests. Mr P. M. Wise, CDC's Regional Controller in East Africa, succeeded Mr A. A. Lawrie as chairman on 1st November 1961.

(5) 1,875 acres of sugar cane have been planted for harvesting in 1962. Construction of the factory is making good progress. Sugar production is planned to start in September 1962. A further 1,750 acres will be planted with cane in 1962.

(6) During 1961 the company assisted Government in planning a smallholders sugar cane scheme near to the company's own estate: the company will provide technical advice and will process smallholders' cane.

73 Liganga Iron Ltd

(1) Capital 30,000 shares of EA Shgs 20 each; CDC holds 9,750 shares (£9,750), the rest are owned by Ventures Ltd of Canada (now merged with Falconbridge Nickel Mines Ltd), Anglo American Corporation of South Africa Ltd, and Tanganyika Government. Balance of cost of investigation (£20,000) provided by CDC against unsecured notes. CDC total investment at 31.12.61 £29,750 (1960 £29,750).

(2) Ore reserves have been computed by Tanganyika Geological Survey at 44m tons of average grade 46.6% iron, 12.8% titanium oxide and 0.7% vanadium pentoxide. No further investigation is justified until there is some hope of a railway to open up neighbouring coalfields.

74 Maramba Estate Ltd

(1) (a) Issued capital 400,000 shares of EA Shgs 20 each (£400,000) held equally by Holland Tanganyika Compagnie NV of Overveen, Holland, and by CDC who are making *pari passu* advances to finance current development;

(b) CDC investment at 31.12.61 £200,000 shares and £17,500 loans;

(c) Holland Tanganyika Compagnie NV are managing agents.

(2) (a) The company is developing an estate in the Usambara foothills for the production of fine cocoa; coffee and kapok are subsidiary crops;

(b) at 31.12.61 planted acreage was—

	<i>Immature</i>	<i>Mature</i>	<i>Total</i>
Cocoa	1,166	109	1,275
Coffee	86	99	185
Kapok	1,898	276	2,174

Much of the cocoa and coffee has been planted underneath the kapok which thus provides shade;

(c) the original development programme envisaged the expansion of cocoa from 650 acres to 4,750 acres in the years 1959 to 1970; the task set for 1961 was to consolidate planting already undertaken and to make good the damage caused by unfavourable weather in 1959 and 1960; in the event the drought continued into 1961 and the consolidation and supplying programme could not get under way until the second half of the year; it is hoped to complete this and to undertake a small area of new planting in 1962;

(d) Maramba is the only major cocoa producer in East Africa and freak weather conditions experienced in recent years have accentuated the normal difficulties of pioneer work, but there have been encouraging reports on the high quality of the small quantities of cocoa exported.

- (3) Marketable crops produced in 1961—
 Cocoa 5,900 lb (1960 8,200 lb)
 Coffee 5,100 lb (1960 15,300 lb)
 Kapok fibre 40,000 lb (1960 78,000 lb)
 Kapok seed 59,000 lb (1960 102,700 lb)
- (4) Net trading loss £7,469 (1960 £4,510).

75 Mbeya Exploration Co Ltd

- (1) A joint company set up by NV Billiton Maatschappij of The Hague and CDC to investigate a pyrochlore (ore of niobium/columbium) deposit at Panda Hill in south-west Tanganyika. Billiton, who are consulting engineers and managing agents, have a 70% interest and CDC 30% interest in the company. CDC investment at 31.12.61 was £496,749 (1960 £493,100).
- (2) Work on assessing the deposit at 125m tons of 0.3% ore has been completed and mining operations closed down in 1961, the installations at Mbeya being placed on care and maintenance. Research on flotation methods of treating the ore is being continued at DSIR Warren Spring laboratory.
- (3) The Panda Hill deposit is one of the few major potential economic assets which Tanganyika is known to possess. It would therefore be of great importance to Tanganyika if a way of developing the deposit on a commercial basis could be discovered. Provided an economic reduction process can be discovered, some part of the investigation expenditure may be recovered—but provision has been included in the accounts to cover the greater part of the money which has been spent.

76 Rungwe Coal Co Ltd

- (1) Capital is 10,000 shares of EA Shgs 20 of which 8,750 shares are held equally by CDC and NV Billiton Maatschappij, The Hague; balance for Tanganyika Government; balance of cost (£61,250) provided by loan equally by CDC and NV Billiton Maatschappij; CDC total investment at 31.12.61 £35,000 (1960 £35 000).
- (2) The company was incorporated in 1957 to investigate the Kiwira-Songwe coalfield in Rungwe district, south-west Tanganyika, for power needs of Mbeya Exploration Co Ltd (para 75).
- (3) Investigation completed in June 1957 proved over 20m tons of good quality coal.

77 Tanganyika Coalfields Ltd

- (1) Capital 100,000 shares of EA Shgs 20 each. CDC holds 35,500 shares, the rest are owned by Anglo American Corporation of South Africa Ltd, Ventures Ltd of Canada (now merged with Falconbridge Nickel Mines Ltd) and Tanganyika Government; balance of cost (£350,000) provided by CDC and Tanganyika Government against unsecured notes; CDC total investment at 31.12.61 £302,648 (1960 £302,648).
- (2) No work was done in 1960 or 1961; no colliery can be developed in the absence of cheap and efficient transport.

78 Tanganyika development company

- (1) Negotiations between the Government of Tanganyika, the Government of the Federal Republic of Germany and CDC have led to agreement in principle for the formation of a joint development company. The Government of the Federal Republic of West Germany and CDC have agreed to join with the Government of Tanganyika in its aim to utilize to the fullest

extent the natural resources and manpower of the country towards the economic development of Tanganyika's agriculture, industry and commerce.

(2) It is intended that the company will be set up initially with capital of £1,500,000 to be contributed equally by the partners. Room will be left for additional partners. In the meanwhile CDC has registered a local company in Dar-es-Salaam with nominal capital.

79 Tanganyika Electric Supply Co Ltd

(1) Tanganyika Electric Supply Co Ltd is a subsidiary of the East African Power & Lighting Co Ltd which at 31.12.61 held all but £295,000 of the £3.25m ordinary share capital.

(2) CDC has agreed to lend the company up to £3m towards the cost of the Hale hydro-electric project. The loan, to be secured by debentures, carries conversion rights of 25% of the total advances, such rights to be exercised before 31.12.68. CDC had advanced £280,000 at 31.12.61.

(3) The Tanganyika Government has agreed to contribute up to £1.75m for the project and the company is providing from its own resources £100,000 towards the cost during each of the years 1961, 1962 and 1963.

(4) The company supplies electricity to two main areas, the Tanga Province and Dar-es-Salaam, and operates twelve smaller local undertakings elsewhere in Tanganyika. The Pangani Falls power station already supplies the Tanga Province. The Tanganyika Government has safeguarded the necessary water rights for the Hale project, which is designed to develop further the hydro potential of the Pangani River. The two main areas will be inter-connected so as to meet increasing demand and to bring the first public supply of power to the important sisal growing area adjacent to the central railway line.

(5) Construction of the Hale project began in October 1961 and is expected to be completed by 30th September 1964.

80 Tanganyika Extract Co Ltd

(1) During the year CDC agreed to subscribe 50,000 shares of EA Shgs 2 each (£5,000) of the EA Shgs 1,300,000 share capital of Tanganyika Extract Co Ltd, a company formed by Mitchell Cotts Group. CDC has also agreed to make a sterling loan to the Company of £60,000, repayable within five years. No investment at 31.12.61.

(2) The Company will produce extract from pyrethrum flowers which it will purchase from growers, licensed by the Tanganyika Pyrethrum Board, in the Northern and Southern Highlands of Tanganyika. Owing to its unique characteristics, pyrethrum extract is an essential ingredient in the manufacture of certain insecticides.

(3) The extract factory is nearing completion at Arusha and is capable of processing approximately 3,000 tons of flowers per annum. Its first year's intake is estimated at 1,200 tons.

81 Tanganyika Millers Ltd

(1) A wholly owned subsidiary of Unga Ltd (para 70), incorporated in 1959 to take over Unga's business in Tanganyika; issued capital EA Shgs 8m.

(2) CDC loan which is repayable 1960/72, is secured on the assets of Tanganyika Millers Ltd and guaranteed by Unga Ltd; amount outstanding 31.12.61 £252,238 (1960 £269,182).

(3) The company has flour, maize, rice and provender mills. Trading conditions during the year to 31.7.61 were satisfactory and profits showed an improvement on the preceding year.



The extract factory and young regenerated wattle trees at Tanganyika Wattle Co Ltd

82 Tanganyika Wattle Co Ltd *General Manager: M. W. F. LEBURN MBE*

- (1) A wholly owned CDC subsidiary; share capital EA Shgs 10m (£500,000). CDC loans at 31.12.61 £814,925 (1960 £825,000).
- (2) (a) The company owns 33,000 acres of wattle at Njombe in the Southern Highlands Province and produces tanning (mimosa) extract from wattle bark;
- (b) in spite of poor rainfall in the 1961 stripping season, field operations went well and bark yields at 7.2 tons per acre were higher than in 1960 (6.2 tons). The company is firmly establishing a reputation as a manufacturer of high quality extract; production of extract in 1961 was 6,326 tons (1960 6,151); sales totalled 6,599 tons (1960 6,170).

(3) Expansion of sales in world markets is still limited by the increasing usage of leather substitutes and intense competition from other vegetable tannins, principally quebracho and chestnut. World-wide campaigns to popularize the merits of mimosa extracts are being undertaken by company's distributors.

(4) The company is studying ways to diversify its products. Results from pilot plots of pyrethrum are promising and more of this crop will be planted and cultivated. Other possible alternative crops are also being tried out.

(5) Mr F. J. Mustill was General Manager until 30.9.61 when he became CDC representative in Tanganyika; this project owes its present high standard of operational efficiency mainly to his skill and leadership as General Manager since its inception over twelve years ago. Mr M. W. F. Leburn, the new General Manager, has been with the project since September 1949.

(6) Costs have been further reduced but so were prices which were again inadequate to enable the company to earn the full interest on its loan capital. Net profit before charging £44,692 interest on CDC loans was £5,056 (1960 £12,048 before interest £44,331).

83 Tangold Mining Co Ltd *General Manager: C. J. MCFARLANE*

(1) (a) Issued capital is EA Shgs 22,600,000 held equally by the Consolidated Gold Fields of South Africa Ltd and CDC;

(b) CDC has lent £700,000 in debentures repayable by annuities 1959/69; company also owed CDC £18,000 on current account at 31.12.61.

(2) This project had a most difficult and trying year. Good management succeeded in increasing the rate of production and reducing costs until torrential rains during November and December caused considerable damage by flooding and resulted in loss of production in those months; but operating results were affected throughout the year by a further serious fall in the average grade of ore mined and treated. While the fall in grade in the later months can be attributed in part to temporary circumstances which can be overcome, development in the mine has failed to substantiate the ore values, on which the decision to put the mine into production was taken by Consolidated Gold Fields of South Africa Ltd and CDC, so seriously as to put the future of the mine in doubt.

(3) In an endeavour to increase the grade of ore mined and treated, more selective mining above the 850 ft level is planned for 1962. Below that level drilling is being continued in order to establish the behaviour of the orebody at depth.

(4) Results for the year compared with 1960 are—

	1961	1960
Ore treated (short tons)	229,900	202,400
Average grade (dwt/ton)	3.70	4.05
Gold production (fine oz)	39,008	37,496
Value of production (£)	489,840	473,000
Working surplus	£67,600	£14,257
Less		
Capital expenditure and renewals	40,000	61,033
Net surplus (deficit) before servicing CDC's debentures	£27,600	(£46,776)

Service of CDC's debentures would have cost £110,483 (1960 £102,002); pending review of company's position CDC has agreed that payments of debenture annuities may be further deferred; a substantial provision has been made against the book value of this investment.

Uganda

(EA Shgs 20=£1)

84 Kilembe Mines Ltd

- 1) (a) Issued capital 5,700,000 shares of EA Shgs 20 each held by Kilembe Copper Cobalt Ltd of Toronto 70%; CDC 20% (£1,140,000); Uganda Development Corporation, Uganda Crane Industries and the Omukama of Toro 10%.
- (b) balance of CDC 6% debentures at 31.12.61 £630,000 (1960 £695,238).
- (2) Despite efficient management, production of blister copper for the year at 13,163 tons was 1,352 tons lower than in 1960. This reduction is attributable to poor ore grade, protracted repair work in the Jinja smelter and unprecedented rains and floods experienced in November and December, which caused serious stoppages in power supplies and interrupted deliveries of concentrates to Jinja.
- (3) (a) Exploration work in the area covered by the Special Exclusive Prospecting Licence was accelerated during the year and the major portion of the programme completed. Results were negative. Expenditure to 31.12.61 was approximately £100,000. Development of the Bukangama deposit has produced reasonably encouraging results and plans for the opening up of this area are well advanced;
- (b) proved and probable ore reserves at 31.12.61 are estimated at 7,675,000 tons of average grade of copper 1.90% and of cobalt 0.14%.
- (4) The company's training and welfare programmes were expanded during the year and more senior and responsible posts are gradually being allocated to African employees.
- (5) *Operating results*

	1961	1960
Ore treated (short tons)		
Sulphide	752,852	697,182
Oxide	167,226	201,066
Grade copper(%)		
Sulphide	1.82	2.12
Oxide	2.47	3.06
Blister copper produced (long tons)	13,163	14,515
Average working cost (£ per long ton)	167	152
Value of production (£)	3,025,219	3,443,707
Average Cu price (£ per long ton)	230	237
Working profit (£)	835,503	1,220,484
Less—		
Interest on loans (£)	83,428	100,689
Fixed assets replaced (£)	139,458	200,238
Prospecting and development written off (£)	168,245	268,605
Net profit (£)	444,372	650,952
- (6) Dividend received by CDC in 1961 equivalent to approximately $6\frac{1}{4}\%$ gross (£71,250 (1960 nil)).

CENTRAL AFRICA REGION



Includes :

FEDERATION OF RHODESIA AND NYASALAND

Regional Controller :

D. F. FAIRBAIRN

Regional Office :

THROGMORTON HOUSE, JAMESON AVENUE,
SALISBURY,
SOUTHERN RHODESIA

Nyasaland Office :

CDC REPRESENTATIVE,
DOWNS HOUSE, VICTORIA AVENUE,
BLANTYRE

Scale of Miles

0 50 100 200



CENTRAL AFRICA REGION

Federation of Rhodesia and Nyasaland

- 1 Central African Airways Corporation
- 2 Federal Power Board (Kariba)
- 3 Industrial Promotion Corporation Rhodesia and Nyasaland Ltd

Northern Rhodesia

- 4 Chilanga Cement Ltd
- 5 Northern Rhodesia African Housing

Nyasaland

- 6 Kasungu Tobacco Estates
- 7 Mudi River Water Board
- 8 Nyasaland African Housing
- 9 Vipya Tung Estates

Southern Rhodesia

- 10 Southern Rhodesia African Housing

85 Regional Summary

(1) Projects include investments in agriculture, cement manufacture and a local development agency and loans to public bodies for power and water supplies, air transport and housing finance. Total commitment at 31.12.61 was £22,743,000 representing an increase of £700,000 only but the total investment increased by as much as £12m to £20,332,000 (1960 £8,551,000) as a result of the Federal Power Board drawing down the balance of the loan for Kariba construction.

(2) A loan of £1m to the Northern Rhodesia Government for African housing schemes near Lusaka which had been under negotiation for a number of years has been agreed in principle. In Nyasaland CDC has helped Government in setting up a commission to investigate the possibility of African tea growing on similar lines to the schemes already under way in Kenya. New projects will continue to be hard to launch in the Federation while political uncertainty persists.

(3) During the year the less favourable economic conditions were reflected in a slowing down of the growth rate of power consumption and of air traffic, although both the Federal Power Board and Central African Airways, to whom CDC has large loans, reported improved financial results to 30.6.61. Chilanga Cement Ltd was particularly badly hit as a supplier to the depressed building industry but still managed to make a modest profit.

(4) The Nyasaland agricultural projects had a mixed year. At Vipya Tung Estate the crop of nuts again disappointed but a much improved price for oil meant that the project came close to break-even for the first time. At Kasungu, despite losses from alternaria disease, the nucleus estate produced a satisfactory crop of tobacco yielding £115 per acre, considerably more than the Nyasaland average: but African smallholders again did badly. It now seems likely that a successful scheme for African growers can only be built on highly trained small farmers capable of growing larger acreages than those hitherto cultivated in the experimental scheme.

(5) A resident CDC representative has now been appointed to Nyasaland with an office in Blantyre.

(6) Net revenue credited to the CDC profit and loss account was £870,000 before charging Head Office organisation costs and interest payable to British Government, representing 6% of capital employed, as compared with 4.8% in 1960. This region has a high proportion of "finance house" projects (ie loans to Governments or loans guaranteed by Governments) from which revenue is immediately receivable, thus explaining a relatively high gross return on capital employed.

Federation of Rhodesia and Nyasaland

(Rh£1=£1)

86 Central African Airways Corporation

(1) £1.75m loan (1954) for purchase of Vickers Viscount aircraft and spares, secured on Central African Airways assets and guaranteed by the Federal Government; repayable by annual instalments 1959/67. Amount outstanding at 31.12.61 £1,225,000 (1960 £1,443,750).

(2) The upward trend in business continued despite the withdrawal of the Zambezi service and the temporary grounding of Viscounts, two of which were despatched to Britain for modification and were out of service for two months. The 'Skybus' network of low fare services has been expanded by including a direct service between Salisbury and points in Northern Rhodesia.

(3) In the year to 30.6.61 CAA carried 201,004 passengers (1959/60 178,455), 2,102 tons of freight (1,853) and 641 tons of mail (639); the Corporation made a net operating profit of £127,032 (1959/60 £72,751) after setting aside replacement and insurance reserves totalling £150,000.

87 Federal Power Board (Kariba)

(1) Loan of £15m (1956) guaranteed by the Federal Government for Stage I of the Kariba hydro-electric undertaking. The loan is now fully drawn (1960 £2.95m) and is repayable by annuities over 36 years starting 1965.

(2) During 1961 the fourth and fifth generating sets were commissioned: the sixth and final set of Stage I is due to come into operation on schedule early in 1962 bringing total generating capacity to 600 MW. The transmission network comprising 890 miles of 300 kV line was finished and in operation by March 1961.

(3) A statement published by the Board in July 1961 disclosed that recent investigations had revealed a weakness in the quartzite rock underlying the southern flank of the dam calling for more costly remedial measures than the jetting and grouting which had previously been thought adequate to treat the minor rock faults that had been known from the outset to exist. The statement announced the adoption by the Board of its consulting engineers' recommendation that a thrust block should be constructed on the south flank of the dam to carry the thrust of the dam down to sound rock. The cost of this additional work which is now well advanced is estimated by the Board £1.8m.

(4) It is estimated by the Board that the total cost of Stage I may be about £1.5m less than the 1956 approved estimate of £79.41m despite the fact that it will include not only the cost of the remedial works but also that of heightening the dam by 20 feet and of installing an additional 100MW turbo-generating unit.

(5) The balance of finance besides the £15m CDC loan has been provided by loans totalling some £63m from the International Bank for Reconstruction and Development, Commonwealth Development Finance Co Ltd and local sources through the Federal Government.

(6) In the year to 30.6.61 2,054m units were sold and the Board's income exceeded its expenditure (after charging depreciation and £1,968,750 loan charges) by £565,460.

88 Industrial Promotion Corporation of Rhodesia and Nyasaland Ltd

(1) Issued capital £1m in £1 shares of which 10/- per share paid up at 31.12.61; CDC holds 50,000 shares. Other shareholders include the leading industrial and mining companies, insurance companies, banks, finance houses and other development institutions. During the year the Directors paid CDC's Regional Controller a compliment by asking him to be the Corporation's Chairman.

(2) The company's object is to assist private enterprise in establishing new ventures and in expanding existing business.

(3) There have been fewer applications coming forward compared with last year in part due to business conditions in the Federation. At 31.12.61 the company had invested or committed £392,000 (1960 £190,000) and extended its interests to a variety of industries including manufacture of polishes, paper and office equipment.

(4) Net profit before tax £14,880 (1960 loss £706).

Northern Rhodesia

(Rh£1 = £1)

89 Chilanga Cement Ltd

- (1) (a) Issued capital £1.5m in 5/- ordinary shares of which CDC holds 37% (£553,846) and the balance is held by Premier Portland Cement Company (Rhodesia) Ltd (company's general managers) and the public;
(b) £150,000 preference shares (CDC 112,500) still outstanding were redeemed on 31.12.61.
- (2) The building industry continued to be depressed and the level of sales of cement was barely maintained at 136,448 tons. Net profit before tax was however sharply down at £164,069 (1960 £237,642) due to higher production and selling costs. The company has found it necessary to withdraw certain rebates and price concessions as from 1.1.62.
- (3) There are few signs of improved business as yet in 1962 but steps have been taken to reduce outgoings by closing down the unprofitable limeworks section and by other economies. In 1962 the company will take power from the Central Electricity Corporation Ltd which will result in a saving of power costs.
- (4) An interim dividend of 1d net (1960 1½d) was paid on 15.11.61: the board has recommended a final dividend of 2d (1960 4d).

90 Northern Rhodesia African Housing

- (1) Agreement in principle has been reached for a loan of £1m to the Northern Rhodesia Government for African housing schemes in the Lusaka area.
- (2) Major part of loan will be used for low cost housing units for which there is an urgent demand; remainder is earmarked for better class houses for middle income group Africans. The possibilities of home ownership for the latter type of house are being investigated.
- (3) Details of schemes and ancillary services are being drawn up by the African Housing Board in consultation with Northern Rhodesia Government, the Lusaka City Council and CDC.

Nyasaland

(Rh£1 = £1)

91 Kasungu Tobacco Estates *Manager: B. G. HARTLEY*

- (1) A CDC direct project with capital at 31.12.61 £215,751 (1960 £201,393).
- (2) Object of the scheme is to open up an area of suitable land for production by African small farmers of flue cured tobacco; nucleus estate is designed to establish Kasungu type leaf and provide essential services and training facilities for an associated smallholder scheme.
- (3) (a) 220 acres of tobacco were grown on the nucleus estate in the 1960/61 season; the crop grew well but yields were reduced by alternaria disease despite the taking of all the known precautions; 1960/61 crop averaged 858 lb per acre selling at 32.1d per lb, thus grossing £115 per acre (1959/60 £103 per acre) as compared with Nyasaland average of £73 per acre;
(b) 307 acres of tobacco have been planted on the nucleus estate for 1961/62 season.

- (4) (a) African smallholders grew 30 acres of tobacco in 1960/61 and their crops were also hit by alternaria disease; average gross revenue was £64 per acre;
 (b) expansion of the smallholder scheme would not be justified until means have been found to control or at least minimise the effects of alternaria; seven smallholders have planted 48 acres for 1961/62 season;
 (c) the Nyasaland Government is represented on the Smallholders' Advisory Committee and has been most helpful in promotion of the smallholder scheme; Government contributed £9,500 towards overheads of the scheme in each of the past two seasons and has promised a similar contribution for 1961/62.
- (5) Experimental work on alternaria disease is being carried out on the nucleus estate under direction of the Tobacco Research Board and with the assistance of the Nyasaland Government agricultural department; first reports are expected in June 1962.
- (6) Training of Africans for supervisory positions is being pressed forward by means of project training schemes and two employees have been sent on courses to Colby Agricultural College.
- (7) Loss for 1961 (after Government's contribution to smallholder scheme overheads) £13,437 (1960 £16,892).

92 Mudi River Water Board

- (1) Loan commitment of £1.3m to Mudi River Water Board towards cost of construction of pipeline and ancillary works to supply the Blantyre/Limbe district with water from the Shire River. Loan is guaranteed by Nyasaland Government and repayable by annual instalments 1967/81; no advances at 31.12.61.
- (2) Total cost of first stage is estimated at £2.3m; balance of funds to be provided by Nyasaland Government from Colonial Development and Welfare grants and from its own resources.
- (3) (a) Capacity of new plant on completion of first stage will be 2m gallons per day; larger quantities can be achieved by relatively cheap extensions as the major item, the pipeline, has been designed to carry 5.5m gallons per day with maximum efficiency;
 (b) after some difficulties caused by ground conditions, construction work is now well advanced and should be finished in 1962 on schedule.

93 Nyasaland African Housing

- (1) Loan £1m (1957/58) to the Nyasaland Government for urban African housing schemes; repayable by annuity 1967/86.
- (2) Between 1957 and 1960 1,400 houses, with access roads, drainage, water-borne sanitation and electricity connections, were built in the Blantyre/Limbe, Zomba and Lilongwe areas.
- (3) House building was suspended in 1961 pending the report of a working party set up by Government to review housing needs and to recommend further schemes to be financed from the uncommitted balance of CDC loan (£200,000). Recommendations of the working party are now being studied by Government.

94 Vipya Tung Estates *Manager: F. S. DORWARD*

- (1) A CDC direct project with capital at 31.12.61 £879,962 (1960 £845,301) after writing off £213,423 on reorganisation in 1955.
- (2) Nyasa Tea Estates Ltd are visiting agents.
- (3) 5,287 acres under tung; 687 acres (13%) classified as mature.



Mudi River Water Board: laying a section of the main pipeline which will supply Blantyre and Limbe with water from the Shire River



Mechanical weeding between 7-year old tung at Vipya Tung Estates, Nyasaland.

(4) 250 tons of oil (1960 224 tons) produced from 2,500 tons of fruit harvested; yields were again below expectations mainly due to a poor fruiting season; wet weather also hampered harvesting and extraction rate of oil from wet fruit was low.

(5) A full survey of field conditions and tree types was finished at the year end; this information is being analysed to enable a more accurate assessment of future production to be made.

(6) Estate maintenance will be further mechanised in 1962. Factory equipment and processes have been examined in detail with a view to improvement; experiments are being conducted into mechanical dehushing; possibilities of artificial drying are also being studied.

(7) World prices of tung oil improved due to shortage of Chinese oil and final clearance of surplus USA stock; average price realised for oil sold so far is £205 per ton fob Beira (1960 £117 per ton).

(8) Net operating loss £1,791 (1960 £14,507). It is clear that on any reasonable assessment this project, started in 1948 at the instance of the Nyasaland Government, is still heavily over-capitalised in relation to the net revenue it may earn. A substantial provision is held against the book value of the project pending more evidence of yields to be expected.

Southern Rhodesia

(Rh£1 = £1)

95 Southern Rhodesia African Housing

(1) £1m loan (1957) to the Government of Southern Rhodesia towards their programme for urban African housing; repayable by twenty annual instalments 1966/85.

(2) Development included housing estates at Salisbury, Bulawayo, Gwelo and Que Que; schools, business premises and other amenities have been provided by Government.

HIGH COMMISSION TERRITORIES REGION



Includes :

BASUTOLAND, BECHUANALAND PROTECTORATE,
SWAZILAND

Regional Controller :

J. C. CATER MBE

Regional Office :

52 PRITCHARD STREET,
JOHANNESBURG



HIGH COMMISSION TERRITORIES REGION

Bechuanaland Protectorate

- 1 Bushman Pits Ranch
- 2 Bechuanaland Protectorate Abattoirs Ltd
- 3 Molopo Ranch
- 4 Nata Ranch
- 5 Panda-ma-Tenga Ranch

Swaziland

- 6 Mhlume (Swaziland) Sugar Co Ltd
- 7 Swaziland Irrigation Scheme
- 8 Swaziland Iron Ore Development Co Ltd
- 9 Swaziland Railway Board
- 10 Usutu Pulp Co Ltd

96 Regional Summary

(1) There are now 10 projects in the High Commission Territories, the bulk of the investment being in Swaziland. Projects range from agriculture (mainly sugar cane, rice and citrus with ancillary mills and processing plants) to forestry (pulp mill now complete), ranching and an abattoir with cannery under construction. Total capital committed for the region at 31.12.61 was £20,347,000 (1960 £16,011,000) of which £15,057,000 had been spent (1960 £12,363,000).

(2) Two new projects were approved—a loan for the Swaziland Railway and an equity stake in the Swaziland Iron Ore Mine which it will serve. Two projects have disappeared from the list. In August CDC accepted an offer from South African fishery interests for its majority shareholding in Tristan da Cunha Development Co Ltd. Shortly afterwards there occurred the volcanic eruption which led to the evacuation of the islanders to England, and the Company has since been put into liquidation by the new owners. The balance of the CDC loan to the High Commission Printing & Publishing Co Ltd was repaid to clear the way for an expansion of the Company's activities.

(3) Practical steps have been taken to put into practice the CDC policy of associating the local inhabitants with the ownership, management and operation of the Corporation's projects. In Bechuanaland the arrangements under which the Lobatsi abattoir business was transferred to a company in which Bechuanaland Protectorate Government and trustees for the cattle trade own a half share and local resident directors share policy control, are working well. In Swaziland negotiations are far advanced for the Swazi Nation to acquire a shareholding in the Usutu Pulp Company. The Mhlume canal irrigates the Swazi Nation farm which supplies cane to the sugar mill and a working party has started to investigate a Swazi smallholder scheme at Swaziland Irrigation Scheme on the basis of the experience learned from the experimental smallholdings which have already been established there.

(4) Net revenue from profits of direct projects, interest, dividends and fees, after deducting cost of regional organisation but before providing for Head Office costs and British Government interest, amounted to £400,000 representing nearly 3% on capital employed as compared with 2% in 1960. The increase reflects higher revenue from the great Swaziland projects which should make a greater contribution in future years as they become more revenue earning.

(5) *Swaziland*

The proving of large deposits of high grade iron ore in Western Swaziland by Swaziland Iron Ore Development Co Ltd, an Anglo American Corporation subsidiary, leading to a ten year contract to sell 12m tons of ore over ten years to Japanese steel interests enabled the final decision to be taken by Swaziland Government to construct a line to link up with the Mozambique railway system and the port of Lourenco Marques. CDC will be lending £4.25m of which a large part is being raised locally in the Republic of South Africa to finance construction of the railway and purchase of rolling stock. Construction is expected to start in March 1962 and to be completed in 1964, when first deliveries of iron ore have been contracted for. CDC will also be investing £.25m in the equity of Swaziland Iron Ore Development Co Ltd.

(6) In the Eastern bushveld the linked projects Swaziland Irrigation Scheme and Mhlume Sugar Company (in partnership with Huletts) both did well. Mhlume in its first full milling season ended 31.4.61 made 43,167 tons of sugar representing not only its own 40,000 ton quota but 3,167 tons picked up from the quota shortfall of the Big Bend mill. In the current season to 31.4.62 Mhlume expects to make about 48,000 tons again helping the Swaziland industry to get within sight of its 80,000 ton quota within the South African Sugar Association markets. SIS increased its rice fields by 500 acres to 2,800 acres and has a record crop to harvest. The citrus acreage

has been expanded and there was experimental work with overhead irrigation and smallholder crops.

(7) On the escarpment in the West the Usutu Pulp Company, formed by CDC and Courtaulds in 1959 to exploit the 100,000 acre pine forest planted by the Corporation, completed its two new townships and brought on stream the 100,000 tons kraft pulp mill designed by and constructed under the supervision of Courtaulds. The first pulp was shipped in January 1962.

(8) *Bechuanaland Protectorate*

The three ranches, on the Molopo, at Panda-ma-Tenga and Nata, were further developed during the year with mixed fortunes. Bechuanaland Protectorate Abattoirs Ltd under CDC management handled over 91,000 head but sales in overseas markets on which the BP cattle trade has increasingly to rely owing to difficulties in its traditional African markets were slow up to the end of the year when large stocks were being carried. Although weather conditions were favourable for cattle raising, movement was restricted for long periods in the Protectorate owing to widespread and repeated outbreaks of foot and mouth disease.

(9) Last year we reported that Bechuanaland Protectorate Abattoirs Ltd which had taken over the Lobatsi abattoir under CDC management had entered into an agreement to establish a meat cannery alongside the abattoir. A subsidiary company has been formed with Mr Cyril Hurvitz to build a cannery and freezing works and to handle exports of beef to other than the traditional South African markets. Construction of the cannery is well advanced and is expected to be completed in July 1962.

(10) CDC still holds large undeveloped ranching lands in the Bechuanaland Protectorate but has as yet not reached agreement with the Protectorate Government on development schemes which CDC has in mind.

(11) *Basutoland*

Difficulties over land tenure still hold up launching of the factory development project at Maseru which has now been under negotiation for some while. However, the Basutoland Government is taking steps by enacting a modern Companies Bill and by passing pioneer industries legislation to clear the way. Since the end of the year agreement in principle has been reached on the first CDC project in Basutoland in the form of a loan to the Basutoland Government for increasing the generating capacity of the Maseru power station.

Bechuanaland Protectorate

(R2) £.1

97 Bechuanaland Protectorate Abattoirs Ltd *Manager: D. E. STURGEON*

- (1) (a) Issued share capital R600,000; CDC holds R300,000 (£150,000) and the Bechuanaland Protectorate Government and the Livestock Producers' Trust each hold R150,000. Dividends are restricted to 6% (cumulative) so long as the company enjoys the sole right to export slaughter cattle and beef from the Protectorate; surplus profits, after setting aside prudent reserves, are paid to the Livestock Producers' Trust;
- (b) CDC also holds £280,000 6% first mortgage debenture redeemable 1962/75; and the Livestock Producers' Trust has lent R100,000;
- (c) the company operates the abattoir at Lobatsi which was established by CDC in 1954; the board includes representatives, both African and European, of the cattle industry in the Protectorate; CDC are managing agents.



An interior view of the Abattoir at Lobatsi, Bechuanaland Protectorate Abattoirs Ltd

(2) 78,602 head of cattle were slaughtered in 1961 and 12,624 head exported alive. A large part of the Protectorate which had been closed by foot and mouth disease in July 1960 was not reopened until August 1961 and sporadic outbreaks closed other large areas at different times so that the total offtake of 91,226 head (1960 87,216) may be considered satisfactory.

(3) The traditional markets in Africa took even less than in the previous year. Owing to veterinary restrictions carcasses could not be sent until late in the year to the South African market which took only 18% of the abattoir's beef (1960 39%); the Federation took only live cattle; sales to Katanga showed some increase but were uncertain. The company therefore became even more heavily dependent on selling in overseas markets, primarily in Britain.

(4) An analysis by markets reflects this changed pattern of trade—

	1961 Head	1960 Head	1959 Head
Markets for carcase beef—			
South Africa	13,862	30,183	56,073
Other traditional markets in Africa	10,510	5,807	4,397
Overseas	52,195	41,352	26,646
	76,567	77,342	87,026
Condemned carcasses	2,035	1,497	2,543
	78,602	78,839	89,569
Total slaughtered			
Exports of live cattle	12,624	8,377	10,188
	91,226	87,216	99,757
Total offtake from BP cattle industry			

(5) To meet the changed conditions in the beef trade, the abattoir company has formed with Mr C. Hurvitz, who formerly bought Lobatsi beef for overseas export on his own account, a joint selling company (Export & Canning Co (Pty) Ltd, issued share capital R250,000) in which Bechuanaland Protectorate Abattoirs Ltd holds 60% and Mr. Hurvitz 40% of the shares. This company is building a cannery and freezing works next to the abattoir at Lobatsi and buys from the abattoir company all beef and offal which is not sold to the traditional African markets.

(6) The market for beef in Britain was difficult owing to increased home production so that large unsold stocks were being held by Export & Canning Co at the year end. Much of these stocks has since been sold but it was thought prudent to write off United Kingdom storage charges on stocks held at 31.12.61: this led to a loss of £61,828 being shown in the 1961 accounts.

(7) Bechuanaland Protectorate Abattoirs Ltd accounts are not yet finalised but it seems that after providing for the company's share of Export & Canning Co's loss, there will have been a surplus of approximately £75,000 (1960 £110,000) available for distribution of which £35,000 (1960 nil) has already been distributed as a special bonus to suppliers of cattle.

98 Bushman Pits Ranch

(1) Capital £14,834 (1960 £15,095).

(2) This isolated and partially developed ranch of some 93,000 acres, 90 miles west of CDC's Nata Ranch (para 100) is sublet to the Ngamiland Cattle Exporters' Association for 10 years from 1.7.55. The Association undertook to rehabilitate, at CDC's expense, the assets on the ranch

(principally dilapidated fencing) and to pay such rent as would enable CDC to recover by 1965 the cost of these assets and of their rehabilitation; the ranch was to be used for grazing young oxen, purchased from Africans in Ngamiland, until the oxen were ready for sale to Panda-ma-Tenga Ranch (para 101) for final fattening.

(3) In practice, the arrangements have not worked satisfactorily; little rehabilitation of fencing has been done, assets generally have been neglected and grazing has been impaired both by neglect of fencing and over-stocking (at times with mature cattle). CDC feels that better use could be made of this area and it is unlikely that it would be prepared to renew the arrangements when the sublease expires.

(4) In addition, CDC and banks jointly offer loan facilities to members of the Association for financing their cattle; little use was made of these facilities in 1961.

(5) 3,969 head sold to CDC in 1961 (4,202 in 1960); 709 head were on the ranch at 31.12.61 (1960 3,544).

(6) Net administration cost to CDC less rent and interest received was £618 (1960 £700).

99 Molopo Ranch *Manager: E. J. TRANSFELDT*

(1) A direct CDC project with capital £212,138 (1960 £203,692).

(2) The ranch, of which about half has been fully developed, extends some 50 miles along north bank of Molopo River at southern end of the Kalahari Desert; the ranch breeds beef cattle from Afrikaner and Hereford bulls and native cows.

(3) Herd strength, 11,105 head at 31.12.61, showed little change from the total at 31.12.60 (11,123); 1,949 births in 1960/61 season represented a calving percentage of 58.2% (1959 57%); herd mortality at 2.2% (1960 2.3%) was a new low record for the ranch.

(4) (a) 2,853 head were sold to Lobatsi Abattoir for slaughter (1960 1,203 head) and 265 young breeders were sold to local farmers;

(b) above average rainfall had beneficial results on grazing; this and improved control of internal parasites enabled cattle to put on weight continuously; the best grades and weights ever achieved were recorded for sales in the third quarter.

(5) Plans for development of remainder of leased area for settlement have been discussed with the Bechuanaland Protectorate Government but no decision yet reached.

(6) Net profit for the year £13,582 (1960 loss £2,102).

100 Nata Ranch *Manager: J. G. MARNEWICK*

(1) A direct CDC project with capital £155,588 (1960 £122,973).

(2) Of a total leased area of approximately 1,250 square miles flanking Francistown–Maun road in the Northern Protectorate, some 250,000 acres are being developed; eventually the ranch should hold about 12,000 head of cattle. Development consists of fenced paddocks each of 9 square miles around a central watering point, in which cattle can range free. Policy is to breed beef cattle from Afrikaner bulls and native cows; while breeding herd is being built up, young steers from local African owners are purchased for fattening and resale for slaughter.

(3) Herd strength increased from 6,681 head to 7,197 head during 1961. Calving percentage at 53% (1960 48.4%) was below expectations; investigations indicate that acute phosphate deficiency was mainly responsible. Herd performance was poor in a year of good grazing, death rate rising to 6.3% (1960 4.5%). Investigations point to internal parasites and mineral deficiencies as largely responsible; remedial measures now being taken should lead to better results.

- (4) 687 head were trekked to the Zambezi crossing at Kazangula and sold to Livingstone and Kitwe abattoirs; cattle lost condition on the long trek and grades and weights achieved were poor.
- (5) A satisfactory feature of a poor year was the successful completion of an exacting programme of new fencing (110 miles), firepaths (100 miles), boreholes (6), and pumphouses (17), with construction of ancillary troughs and reservoirs.
- (6) Loss £9,389 (1960 loss £3,355).

101 Panda-ma-Tenga Ranch *Manager: M. M. DE VILLIERS*

- (1) A direct CDC project with capital £141,711 (1960 £118,584).
- (2) Developed area is some 150,000 acres in the extreme north of Bechuanaland Protectorate bordering Southern Rhodesia. Policy is to purchase immature cattle from overstocked Ngamiland breeding area via Ngamiland Cattle Exporters' Association at Bushman Pits Ranch (para 98) and to fatten for slaughter in the Federation.
- (3) (a) Herd strength increased from 5,232 head to 6,196 head during the year. Mortality at 2.1% (7.9% in 1960) showed a long-awaited improvement. Investigations have revealed worm infestation as an important inhibiting factor to animal health and growth. The remedial measures being taken, together with good herd and veld management, should produce improved results;
- (b) 3,969 oxen were purchased during the year for sale in 1962 and 1963; and 2,502 head were sold.
- (4) Good progress was made with rehabilitation; 99 miles of fencing were reconstructed and three new boreholes were sunk and equipped.
- (5) Net profit £2,753 (1960 £3,008).

Swaziland

(R2 = £1)

102 Mhlume (Swaziland) Sugar Co Ltd

- (1) Issued capital 2.5m shares of R1 each fully paid, held 60% by Sir J. L. Hulett & Sons Ltd and 40% by CDC (£500,000); CDC has, in addition, lent £2,580,000 secured on the company's assets.
- (2) The company has a milling quota to produce 40,000 tons of sugar per annum and is licensed to grow 80% of the mill's requirements of cane.
- (3) At end 1961, company had 8,750 acres under cane, irrigated from the canal built by CDC on its Swaziland Irrigation Scheme (para 104). Average yield of cane from 5,180 acres harvested in 1960/61 season was 59.8 tons per acre with an average sucrose content of 13.8%.
- (4) In its first full milling season ended 30.4.61 company produced 43,167 tons of sugar, the excess of 3,167 tons over quota being manufactured against a quota shortfall by the other Swaziland mill. Mhlume's output represented 74% of Swaziland's total sugar production of 58,551 tons for the 1960/61 season. In the first eight months of 1961/62 season Mhlume produced 35,677 tons of sugar.

(5) Marketing arrangements for Swaziland sugar are integrated with those of the South African sugar industry. Following the withdrawal of South Africa from the Commonwealth, the South African Sugar Association ceased to be a party to the Commonwealth Sugar Agreement as from 31.12.61, but arrangements were entered into in November 1961 covering the sale of South African sugar to Britain for five years from 1.1.62. These arrangements included a provision that the Swaziland sugar industry should continue to enjoy a share of South African markets; as from 1964/65 Swaziland's share will be $8\frac{1}{2}\%$ of the total sales of South African and Swaziland sugar instead of a fixed 80,000 tons as at present.

(6) Net profit for year ended 30.4.61, after payment of debenture interest, was R579,378 (£289,689). R550,000 has been transferred to reserve and the balance has been carried forward.

103 Swaziland Iron Ore Development Co Ltd

(1) During the year, CDC agreed to invest in a company formed by Anglo American Corporation of South Africa Ltd and Guest Keen & Nettlefolds to exploit iron ore deposits at Ngwenya, on the western escarpment of Swaziland.

(2) Proposed capitalisation of the company is R7m all in equity, of which CDC will subscribe R500,000 (£250,000). CDC investment at 31.12.61, nil.

(3) Company has negotiated contract with Yawata Iron & Steel Company and Fuji Iron & Steel Company and General Ore International Corporation for the sale of 12m long tons of ore over a period of 10 years starting in 1965. The ore will be transported by the Swaziland Railway to the border near Goba and thence over the Mozambique railway system to port of Lourenco Marques.

104 Swaziland Irrigation Scheme *General Manager: A. N. GOODE, OBE*

(1) A CDC direct project in north-east Swaziland with capital employed £2,834,526 (1960 £2,721,234).

(2) The 42 mile Mhlume Water irrigation canal represents about 40% of the total investment. In addition to supplying the project's own needs the canal served Mhlume (Swaziland) Sugar Co Ltd (para 102) and other growers, including the Swazi Nation's Sihoya sugar cane scheme. Exceptionally heavy rains at the end of 1960 caused some damage to the canal and an inspection was made by the consulting engineers, Sir Alexander Gibb & Partners, who reported that the damage was only superficial, requiring comparatively little repair. They also reported that the state of the canal, which was opened in 1957, was satisfactory after four years of service.

(3) The project comprises 92,000 acres, of which 20,000 acres are under command of Mhlume Water. During 1961 a further 500 acres of rice paddies were established. 100 acres were added to the citrus orchards and overhead irrigation was installed as an experiment. The project now has 4,000 acres under irrigated cultivation comprising 2,800 acres of rice paddies, of which 1,700 acres were planted this season, and 1,100 acres fallow; 700 acres sugar cane; 300 acres citrus and 200 acres devoted to the experimental settler scheme growing rice, sugar cane and citrus.

(4) 9,500 head of cattle, organised in three self-contained herds, are ranched on the rest of the project.

(5) The first year's results of the experimental settlement scheme for Swazi and European farmers, started in 1960, have been sufficiently encouraging for a substantial extension of the schemes to be contemplated. A working party has been formed to investigate on the ground all aspects of this further phase in the development of the project. A satisfactory return on CDC's investment cannot be expected until the potential of the canal and the project's irrigable land is more fully utilised.

(6) The trading results showed an improvement over 1960—

	1961 £		1960 £
<i>Operating surpluses</i>			
Agriculture	29,562	Loss	8,957
Livestock	15,414		25,114
Mhlume Water operating	42,122		32,008
	87,098		48,165
<i>Less</i>			
Administrative expenses after crediting sundry trading profits	16,267		14,199
	£70,831		£33,966
Net profit			

105 Swaziland Railway Board

(1) A project sponsored by the Swaziland Government to construct a rail link between the Swaziland Iron Ore Development Company's iron ore concession at Ngwenya (para 103) and the Mozambique frontier near Goba where it will connect with an extension to the existing line in Mozambique from its present terminus at Goba; thus there will be a rail link from the iron ore deposits to the port of Lourenco Marques.

(2) The railway line will be approximately 137 miles long and is estimated to cost about £8m of which CDC and its wholly owned subsidiary, Swaziland Development Company, will provide loans totalling £4m to Swaziland Government. CDC will also subscribe £.25m towards cost of providing wagons (estimated at £1m). Anglo American Corporation of South Africa Ltd and De Beers Group will lend £1m to Swaziland Government and £3m to Swaziland Development Company for on-lending to Swaziland Government. The balance of the finance for the railway will come from contractors and suppliers credits.

(3) CDC investment at 31.12.61, nil.

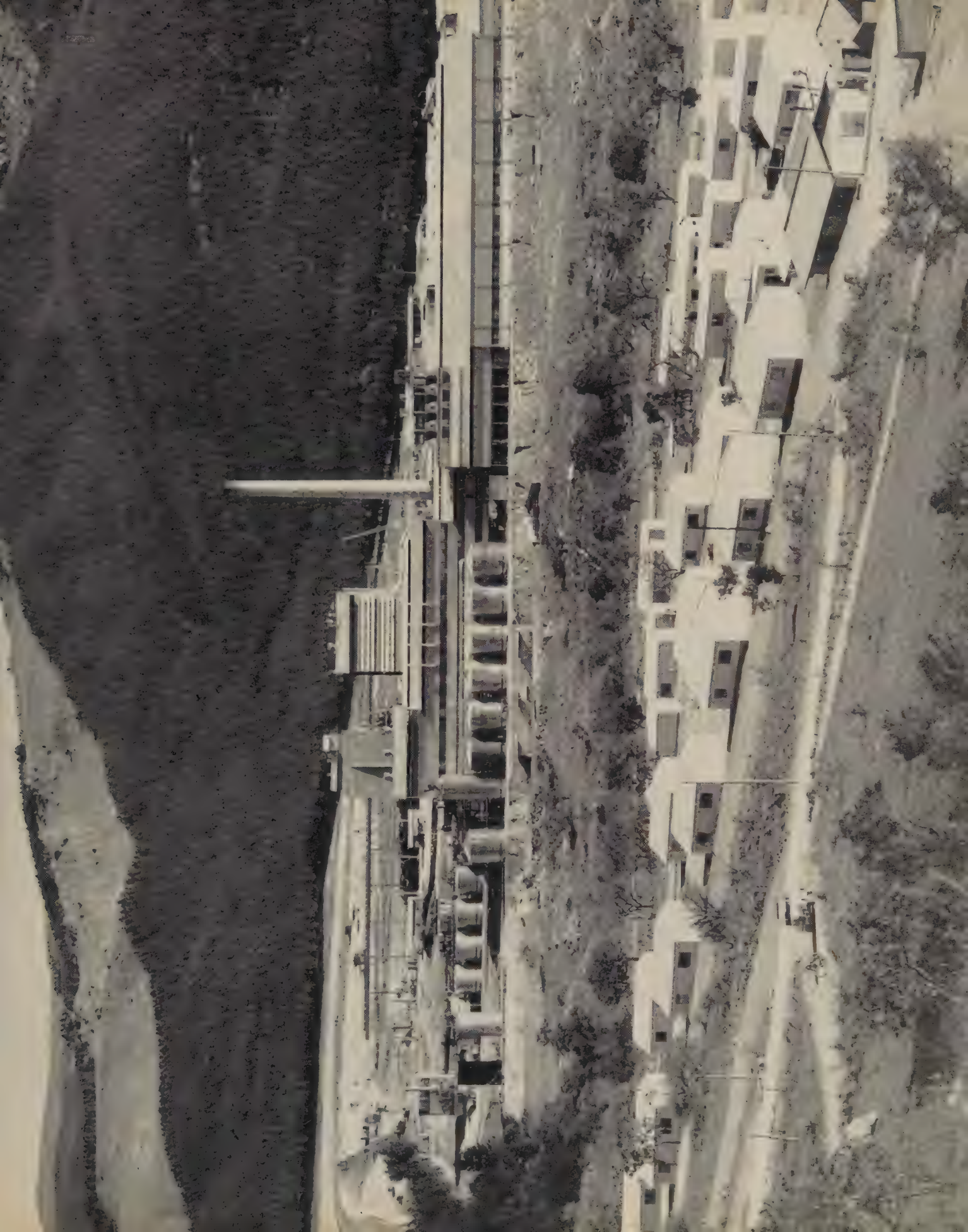
(4) The railway, which is scheduled to be in operation by end of 1964, will carry an estimated 1.2m long tons of iron ore annually from the mine to Lourenco Marques for shipment to Japan over the 10 years of the mining company's contract with the purchasers. The railway expects to attract other traffic eg kraft pulp from Usutu and coal from Stegi district; generally it will help to promote further development of Swaziland's economic potential.

(5) In order to carry out the development the Swaziland Railway Board was set up by Proclamation on 22nd September 1961 upon which Board CDC is represented by its Regional Controller. The Board will enter into a working agency agreement with the Caminhos de Ferro de Mozambique which will undertake operation.

(6) After introduction of necessary legislation, construction is expected to start early in 1962. Tenders were invited in December 1961.

106 Usutu Pulp Co Ltd

- (1) (a) Issued ordinary share capital R10m (£5m) held equally by CDC and Courtaulds Ltd;
 (b) secured loan capital £5.25m from CDC of which £4.9m was paid up at 31.12.61 and the balance has since been paid.



- (2) The company was incorporated in July 1959 to establish an integrated forest/pulp mill undertaking in west Swaziland producing unbleached sulphate pulp for the paper and board industries from nearly 100,000 acres of pines planted by CDC from 1950 onwards.
- (3) The mill which is situated on the North bank of the Great Usutu River in the middle of the forest was designed by Courtaulds and built under their supervision. Construction started towards the end of 1959 and was completed in late 1961—a great achievement in planning and construction by all concerned—the experts on loan from Courtaulds, under the late Mr W. Hibbert the project engineer and Mr L. W. J. Loveless, executive director, the consulting engineers, the contractors and the company's own staff.
- (4) First trial runs were made in November/December 1961. It has already been established that the mill can produce pulp of satisfactory quality. Running in continues and commercial production is expected to be established by the end of March 1962.
- (5) The company, when in full production, will provide employment for over 3,000 in Swaziland. Special arrangements are being made for teaching technical and other skills to enable local men and women to take their full part in the company's organisation and operations according to their qualifications.
- (6) Discussions, initiated by the company, are proceeding with Government and representatives of the Swazi Nation with a view to arranging for the Swazi Nation to acquire a financial participation in the company.

WEST AFRICA REGION



Includes:

FEDERATION OF NIGERIA, FEDERAL REPUBLIC OF CAMEROUN,
GHANA, SIERRA LEONE, THE GAMBIA

Regional Controller:

A. T. DE B. WILMOT

Regional Office:

AKURO HOUSE, 5 CUSTOM STREET,
LAGOS, NIGERIA

W. A. BELSHAM

CAMEROONS DEVELOPMENT CORPORATION,
BOTA, VICTORIA,
WEST CAMEROUN



WEST AFRICA REGION

Ghana

- 1 Coast Construction Co Ltd

Nigeria

- 2 Coast Construction (Nigeria) Ltd
- 3 Dorman Long & Amalgamated Engineering Ltd
- 4 Ikeja Industrial Development
- 5 Ilushin Estates Ltd
- 6 Industrial and Agricultural Co Ltd
- 7 Investment Company of Nigeria Ltd
- 8 Lagos Executive Development Board
- 9 Nigerian Cement Co Ltd

- 10 Nigeria Hotels Ltd

- 11 Nigeria Housing Development Society Ltd

- 12 Northern Developments (Nigeria) Ltd

- 13 Northern Housing Estates Ltd

Sierra Leone

- 14 Freetown Hotel Ltd
- 15 Guma Valley Water Company
- 16 Sierra Leone Investments Ltd

Cameroun Republic

- 17 Cameroons Development Corporation

107 Regional Summary

(1) There are 17 projects comprising agriculture, cement manufacture and structural steel fabrication, hotels and house mortgage finance, loans for water supply and land reclamation, and investments in local development agencies. Total commitments were £13,427,000 (1960 £14,672,000) of which £4,704,000 (1960 £3,752,000) had been spent at 31.12.61.

(2) The four chief territories in CDC's West Africa region are now independent. Sierra Leone became independent on 27th April 1961 and the Southern Cameroons (now West Cameroun) was merged with the independent Cameroun Republic on 1st October; Ghana and Nigeria were already independent at the beginning of the year. Arising from the cut-off imposed by the Overseas Resources Development Act no new projects were undertaken directly by CDC although a number have been promoted by the two Nigerian development agencies in which CDC has a majority holding and more are under consideration. This aspect of CDC operations is discussed later. During the year CDC disposed of its majority interest in Omo Sawmills of Nigeria Ltd to another concern operating timber concessions in West Africa. CDC has also sold to its partners Stirling-Astaldi (West Africa) Ltd its 50% shareholdings in the Coast Construction Companies for settlement in 1962, while remaining a creditor for loans which are due to be repaid by instalments over the next ten years.

(3) Regional Office in Lagos and CDC projects continued to concentrate on training of West Africans for senior and responsible jobs. Nigeria Hotels Ltd and Cameroons Development Corporation in particular have had outstanding success in promoting Africans. A West African management trainee has since the end of the year been promoted to the post of assistant manager of Nigeria Building Society.

(4) Net revenue credited to CDC profit and loss account from the region before charging cost of Head Office organisation and British Government interest was £185,000 representing 4.4% on capital, compared with last year's 4%. Increased dividends were paid by several companies in which CDC has shareholdings.

(5) *Cameroun Republic*

The British Government responsibilities for the Trust Territory of Southern Cameroons (now West Cameroun) ended on 30th September when the territory became a member state of the Federal Republic of Cameroun. CDC as managers of Cameroons Development Corporation were accordingly faced with the new situation of operating in a territory outside the Commonwealth and in conditions which had caused sufficient anxiety in advance to justify the withdrawal of expatriate families over the transition period. Happily the transfer of authority was carried out smoothly and families were reunited before Christmas. Friendly relations have been established with the Federal Government which has been most co-operative in helping to solve problems inherent in the changeover from a British social organisation and sterling economy to a French society and franc economy. CDC for its part is making a substantial contribution by ensuring through Cameroons Development Corporation continuity of productive and commercial operations over an important part of the West Cameroun economy. Cameroons Development Corporation itself has earned in 1961 a larger profit than in 1960 despite the charging of extraordinary expenditure incurred in relation to precautionary measures taken during the transition period. It still remains to negotiate with the Governments adjustments to the agreements governing the relations between CDC and Cameroons Development Corporation, to accord with the new circumstances: but the experience which we have already had of working together should enable any necessary adjustments to be agreed on a mutually satisfactory basis.

(6) *Ghana*

As already mentioned, CDC has sold its equity interest in the Coast Construction Company so that the outstanding loan to this company now remains CDC's sole investment in Ghana.

(7) *Federation of Nigeria*

No new projects could be undertaken directly by CDC but existing projects were considerably expanded. The Nigeria Building Society increased its mortgage asset by £992,092 to £2,463,850 although its Board decided that it would be prudent to ration new mortgage commitments until arrangements could be made to attract outside funds for investment alongside the capital promised by CDC. Nigeria Hotels Ltd carried out a considerable modernisation programme at its Kano (Central Hotel) premises and was busy supervising the final phases of the construction of the Bristol Hotel (opened for business on 29th March 1962) which it will manage on behalf of the owners. Ilushin Estates Ltd successfully completed its rubber planting programme of 1,300 acres for the year. However, the most interesting feature of the CDC operations in West Africa was the progress made by Northern Developments (Nigeria) Ltd and Industrial and Agricultural Co Ltd, the two local development agencies which are jointly financed by CDC and the Northern and Eastern Regional Governments respectively. The former company has completed investigations and finalised negotiations which will lead to a number of investments including the introduction of new textile and tannery factories to the North: with the schemes now being negotiated the company is within sight of committing all the capital which the partners have as yet agreed to subscribe. Industrial and Agricultural Co Ltd while starting more slowly has also finalised arrangements for three projects with further good prospects for 1962. Two projects in which these two joint CDC/Regional Government agencies are interested will be making public issues through the Lagos Stock Exchange which opened its doors in June, to be handled by the Investment Company of Nigeria Ltd in which CDC also has a shareholding. CDC would welcome increased co-operation between the financial institutions in Nigeria in arranging for finance for industrial development.

(8) *Sierra Leone*

CDC has three projects in Sierra Leone. The Paramount Hotel at Freetown, opened in 1960, which is a joint venture between the Sierra Leone Government and CDC, was the scene of State Banquets both on the occasion of the visit of HM the Queen and HRH the Duke of Edinburgh in December and during the Independence Celebrations in April and thus made a notable contribution to these occasions and one which attracted favourable comment; but the hotel has still to be established as a profit making concern. Construction of the Guma Valley dam to secure much needed increased water supplies for Freetown, for which CDC is lending £2m of the estimated total cost of £4.9m started during the year. Sierra Leone Investments Ltd which is a joint development agency established by Sierra Leone Government and CDC is still in the stage of examining numerous development projects which have been suggested to it. In the meanwhile the manager and his staff are performing a useful function in providing administrative services for the Guma Valley Water Company and the hotel company.

Ghana

(G£1=£1)

108 Coast Construction Co Ltd

- (1) (a) Sale of CDC half share of the capital to Stirling-Astaldi (Africa) Ltd who now own all the share capital (£100,000) was completed in February 1962;
(b) CDC retains a loan, outstanding balance £155,000 at 31.12.61, repayable by equal instalments over 10 years.
- (2) CDC has also sold its share interest in Coast Construction (Nigeria) Ltd (para 109). As part of the sale agreements, cross guarantees have been arranged for the outstanding CDC loans.
- (3) The company had another profitable year.

Federation of Nigeria

(N£1=£1)

109 Coast Construction (Nigeria) Ltd

- (1) (a) Sale of CDC half share of the capital to Stirling-Astaldi (Africa) Ltd who now own all the share capital (£60,000) was completed in February 1962;
(b) in connection with the sale of shares, the debenture loan was reduced by transfer of assets to £155,000 (1960 £193,625) becoming repayable by equal instalments over 10 years; instalment £15,500 due on 31.12.61 was received February 1962. Cross guarantees have been arranged for the outstanding CDC loans to this company and Coast Construction Co Ltd (Ghana) (para 108).
- (2) Very little road construction work was available in Nigeria during 1961 but the company's plant was for the most part on hire to associated companies.

110 Dorman Long & Amalgamated Engineering Ltd

- (1) This company (share capital £104,861) is controlled by Dorman Long & Co Ltd, Middlesbrough. CDC lent £100,000 on debenture secured by a first charge and repayable 1961/70; amount outstanding £90,000.
- (2) The company produces steel structures, storage tanks, rail wagons and tank cars, lorry bodies and bridges. A development programme to increase capacity was substantially completed during the year; the technical staff has been considerably strengthened but a trading loss was again incurred.

111 Ikeja Industrial Development

- (1) CDC has undertaken to provide if required up to £500,000 for loans on mortgage for new factories on the Ikeja Industrial Estate which is being developed a few miles north of Lagos by the Western Nigeria Housing Corporation. Although no agreements had been concluded by the end of the year, there are good prospects of completing negotiations for investment of substantial sums in 1962.
- (2) The total area allocated to industrial development is 350 acres, of which 260 are already allotted; seven factories are now in operation without any help from CDC and six are under construction.

112 Ilushin Estates Ltd

- (1) Issued capital 795,000 £1 shares held equally by CDC, West African Joint Agency Ltd (WAJAL) and Western Nigeria Development Corporation; at 31.12.61 £447,187 had been subscribed (CDC £149,062); a further call was made on 1.1.62, shares becoming 12/6d paid (CDC £165,625).
- (2) (a) The company was formed in 1957 to grow 5,000 acres of rubber at Ilushin in Western Nigeria where it holds a lease of 10,848 acres; at 31.12.61 3,640 acres had been planted and it is intended to plant 900 acres in 1962;
(b) managing agents are Nigerian Joint Agency Ltd, a subsidiary of WAJAL.
- (3) The cost of planting 5,000 acres of rubber at Ilushin and bringing it to full maturity will be higher than originally estimated, mainly because wage rates have increased by 35% since 1958 and because more expensive cultivation methods have been found necessary, eg for fertilizers and disease control, and for budding with high yielding clones. The company has asked shareholders to subscribe an additional £70,000 each, bringing capitalisation to £1,005,000 at full maturity.
- (4) Expenditure to 30.9.61, the end of the company's financial year, £421,187 (30.9.60 £317,813).

113 Industrial and Agricultural Co Ltd *Manager P. G. NELSON*

- (1) Issued capital £1,036,000 represented by—
 - (a) one million ordinary shares of £1 each, 2/- paid, held as to 680,000 shares by CDC and 320,000 shares by Eastern Nigeria Government;
 - (b) 36,000 deferred shares of £1 each fully paid held by Eastern Nigeria Government.
- (2) The company's object is to promote and assist the economic development of Eastern Nigeria by investigating, initiating and supporting commercial schemes in industry and agriculture.
- (3) Managing Agent is Development Corporation (West Africa) Ltd, CDC's West African subsidiary; this connection enables the company to call on the resources of CDC in Lagos and London for advisory services and to make use of CDC's many contacts with commerce and industry.
- (4) Company invested £47,500 during year bringing cumulative investment to £59,000 in three projects; negotiations were concluded for further substantial investment in 1962 and there are good prospects of schemes emerging during the current year from investigations in hand.
- (5) Loss for year £7,544 (1960 loss £7,703).

114 Investment Company of Nigeria Ltd

- (1) This company was sponsored by the Commonwealth Development Finance Co Ltd to stimulate and assist industrial development in Nigeria. Its issued capital is one million £1 ordinary shares of which CDC holds 100,000 shares fully paid. There are nearly one hundred subscribers including the principal banks, insurance companies and merchanting houses operating in West Africa.
- (2) At year end, about £633,000 had been committed to 14 projects, of which £304,000 had been disbursed in shares and loans (1960 £122,115). The company is investigating several applications and will need to find further finance if it is to continue expanding.
- (3) The company also manages the Lagos Stock Exchange which was opened in 1961. It has done much to encourage the development of a money market by acting as an issuing house and as underwriters.
- (4) Net profit before tax £6,005.

115 Lagos Executive Development Board

- (1) Loan of £1.25m (1950) guaranteed by Nigerian Federal Government and repayable by annuities 1961/90 unless early repayment option is exercised in 1970 or 1980; balance outstanding £1,229,511 (1960 £1,250,000).
- (2) The Board's capital of approximately £10.6m at 31.3.61 had been provided, apart from CDC loan, by loans and grants from the Nigerian Federal Government £6.8m and sales of land and other capital receipts £2.5m.
- (3) The Board is both the planning authority and the executive development authority within Lagos township under the Lagos Town Planning Ordinance; it is responsible for development, improvement, slum clearance and redevelopment of the township. CDC's loan was towards the cost of reclaiming and developing 1,000 acres at Apapa as an industrial and residential area; development was completed in 1958.

116 Nigeria Hotels Ltd *Managing Director: E. G. DE S. HALL*

- (1) (a) Issued capital 205,000 shares of £1 each fully paid of which CDC holds 110,000 shares; balance held by Nigerian Railway Corporation, Federal Government and Northern Nigeria Government;
- (b) CDC has entered into a commitment expiring on 31.12.62 to lend the company up to £375,000 (£225,000 on first mortgage ranking *pari passu* as to security with £143,598 Government loans and £150,000 on second mortgage) for a programme to extend and improve the company's existing hotels and to enable the company to subscribe for £150,000 preference shares in Lagos Hotel Ltd, a subsidiary, formed to lease and operate the new Bristol Hotel in Lagos which was opened early in 1962.
- (2) At the Central Hotel, Kano, a new 42 bedroom block was opened in December and improvements have been carried out to the public rooms. The first stage of rebuilding and extending the Ikoyi Hotel at Lagos has been put out to contract.
- (3) Developments in 1960 and 1961 have been financed by new equity capital and self-generated funds.
- (4) Besides owning the Central and Ikoyi Hotels the company operates the Kano Airport Hotel, provides catering services for the Nigerian Railways and Kano Airport and runs a catering school at Kano.
- (5) Reorganisation of the company's management, and modernisation and improvement of its hotels and services, continued in 1961 with good results. The company is making a significant and increasing contribution to the amenities and development of Nigeria.
- (6) The company made a profit before tax for the year of £81,257 (16 months to 31.12.60 £75,507) and paid a dividend of 15%.

117 Nigeria Housing Development Society Ltd *General Manager: K. C. WILD*

(‘Nigeria Building Society’)

- (1) (a) Share capital 1,625,000 shares of £1 each fully paid; CDC holds £975,000, Federal Government £500,000 and Eastern Nigeria Government £150,000;
- (b) loans and overdrafts totalled £581,633 (1960 nil) of which CDC had advanced £450,000 against a total loan commitment of £1,750,000;
- (c) short-term deposits amounted to £186,636 at 31.12.61 (1960 £62,167); but the scheme for attracting small savings has been disappointing so far, such deposits at 31.12.61 totalling only £27,381 (1960 £7,442).



New houses for home ownership in Lagos, financed with the help of Nigeria Housing Development Society Ltd

(2) 405 applications for loans were approved during the year involving a sum of £1,176,226 (1960 503 applications, £1,644,080) while the mortgage asset increased by £992,092 to £2,463,850 at 31.12.61 at which date outstanding commitments to lend totalled £647,553 (1960 £779,790). Expansion could have been faster if assured sources of finance had been greater but new commitments to lend were deliberately rationed to a rate of £60,000 per month as from August in order to maintain the prospect of a steady flow of business for a reasonable period ahead until more finance could be arranged.

(3) When the existing CDC loan commitment has been taken up there is a possibility of further CDC finance but only if the additional money can be matched from other sources. Efforts to raise long-term finance from the international funds and from elsewhere have so far been in vain. It is encouraging that the Federal Nigerian Government should give sufficient priority to the work done by the Society to have included in the current Federal Development Plan a substantial figure for finance for it.

(4) Net profit for 1961 was £117,073 before tax, CDC interest £13,600 and write off of preliminary expenses (1960 £59,835—CDC interest £1,318); a 5% dividend was paid and the carry forward increased from £6,978 to £12,422.

118 The Nigerian Cement Co Ltd

- (1) A public company with capital £2.1m; CDC holds £225,000 ordinary stock (cost £187,500). In addition to Government shareholdings there are over 2,000 individual shareholders, the great majority of whom are Nigerians. At 31.12.61 stock was quoted on the Lagos Stock Exchange at 43/3d per £1 unit.
- (2) The Tunnel Portland Cement Co Ltd are managing agents.
- (3) The company manufactures cement from local limestone at Nkalagu near Enugu in Eastern Nigeria; it supplies about 25% of Nigeria's cement requirements. Factory rated capacity is 200,000 tons. A third unit is in course of construction at an estimated cost of £1,786,000 and a fourth is planned. The company's paper bag factory, costing £120,000 and safeguarding the supply of bags, came into production in August.
- (4) 251,000 tons of cement were produced in the calendar year 1961 (1960 155,000 tons); trading prospects are good.
- (5) Net profit for company's year to 31.3.61 £696,334 (1960 £450,380); a 10% dividend was paid.

119 Northern Developments (Nigeria) Ltd *Manager: A. H. STONEHAM*

- (1) (a) Issued capital £750,000 represented by 750,000 shares of £1 each 2/- paid, held as to 450,000 shares by CDC and 300,000 shares by Northern Region Development Corporation (NRDC).
(b) an interest free loan of £25,000 towards administration expenses has been made by the Government of Northern Nigeria;
(c) NRDC and CDC have agreed to consider further subscriptions of £200,000 and £300,000 respectively, when the need arises.
- (2) The company's object is to promote and assist the economic development of Northern Nigeria by investigating, initiating and supporting commercial schemes for industry and agriculture.
- (3) Managing Agent is Development Corporation (West Africa) Ltd, CDC's West African subsidiary; this connection enables the company to call on the resources of CDC in Lagos and London for advisory services and to make use of CDC's many contacts with commerce and industry.
- (4) Whilst little new money was invested in 1961, a number of investigations were finalised and negotiations brought to a successful conclusion which will lead to the deployment of substantial sums in 1962; at end 1961, investments and firm commitments amounted to £335,000 of which £58,000 had been disbursed. The company has been instrumental in introducing new textile and tanning factories to the North. There are many schemes under active investigation, some with good prospects of further investment which may necessitate an increase in the company's capital resources at an earlier date than was contemplated when NDNL was formed in 1959.
- (5) Loss for year £5,094 (1960 £6,331).

120 Northern Housing Estates Ltd

- (1) Capital £10,000 equity and £155,000 debentures held by the Government of Northern Nigeria, and £20,000 7% cumulative preference shares held equally by CDC and Costain (West Africa) Ltd.
- (2) The company, managed by Costain (West Africa) Ltd, owns a housing estate at Kaduna.

The estate, comprising 396 houses, was fully occupied during the year and there is a waiting list of prospective tenants.

(3) Profit for the year to 31.3.61 before debenture interest and preference dividend was £9,964 (1959/60 £6,358). Payments of debenture interest and preference dividend (previously in arrear) was brought up to date during the year.



A Hausa worker ties up a skin for drying at the Nigerian Hides and Skins Co processing factory in Kano, a project partly financed by Northern Developments (Nigeria) Ltd

Sierra Leone

(BWA £1 = £1)

121 Freetown Hotel Ltd (The Paramount Hotel) *Manager: K. M. BAILEY*

- (1) (a) Issued capital at 31.12.61 £150,000 represented by 50,000 £1 'A' preferred shares, fully paid, held by CDC and 100,000 £1 'B' deferred shares, fully paid, held by the Sierra Leone Government;
(b) CDC has agreed to lend £200,000 on debenture guaranteed by Government; £170,000 advanced at 31.12.61.
- (2) (a) The company owns and operates the Paramount Hotel which has 48 air-conditioned bedrooms and offers first class hotel facilities to businessmen and other visitors;
(b) the hotel filled a vital role during Sierra Leone's Independence celebrations in April/May 1961, and again during the visit of HM the Queen and HRH the Duke of Edinburgh to Freetown in November; on both occasions State Banquets were held at the hotel;
(c) the Paramount Hotel is supplying a long felt need and is contributing to Sierra Leone's development.
- (3) The company's first year's trading to 31.12.61 resulted in a loss of £5,978 after debenture interest.

122 Guma Valley Water Company

- (1) CDC and Commonwealth Development Finance Co Ltd have agreed to lend £2m and £400,000 respectively to this company which was incorporated by Ordinance on 14.4.61 to take over and develop water supplies in and around Freetown.
- (2) Loans are guaranteed by Sierra Leone Government who are the sole shareholders. At 31.12.61 CDC had advanced £50,000.
- (3) The company will provide a major new source of supply by constructing a dam in the Guma Valley. Cost of completing the construction, for which Sierra Leone Government has already spent £1,650,000 on preliminary works, is estimated at £3.25m. Consultants are Howard Humphreys & Sons; main contractor is Taylor Woodrow (Sierra Leone) Ltd.

123 Sierra Leone Investments Ltd *Manager: D. T. MURPHY*

- (1) (a) Issued share capital 350,000 shares of £1 each, 3d paid, held as to 200,000 shares by CDC and 150,000 shares by Sierra Leone Government;
(b) at 31.12.61, Sierra Leone Government had paid its first instalment of £6,000 on account of a £30,000 interest free loan as a contribution towards administration expenses.
- (2) The company was incorporated in Sierra Leone on 18.4.61 with registered office at Freetown.
- (3) The company's object is to promote and assist the economic development of Sierra Leone by investigating, initiating and supporting commercial schemes for industry and agriculture.
- (4) Managing Agent is Development Corporation (West Africa) Ltd, CDC's West African subsidiary, through which the company is enabled to call on the resources of CDC both in West Africa and Britain for advisory services and contacts with commerce and industry.
- (5) No investments have yet been made but a number of investigations are in hand and may result in business. Meanwhile the company renders secretarial and accounting services to the Guma Valley Water Company (para 122) and to Freetown Hotel Ltd (para 121).
- (6) Loss to 31.12.61 £4,480.

Federal Republic of Cameroun

(N £1=£1)

124 Cameroons Development Corporation *General Manager: W. A. BELSHAM*

(1) During 1961 a further £450,000, making £550,000 in all, was drawn against the CDC £1m loan commitment, leaving at the year end £450,000 available for future drawings. CDC act as managing agents.

(2) The former Trust Territory of the Southern Cameroons was duly incorporated on 1st October 1961 as the West Cameroun territory in the independent Federal Republic of Cameroun, in accordance with the February plebiscite vote (reported last year). The change of status of the territory, involving incorporation with an independent French speaking territory and in the franc currency area, clearly poses major problems of adjustment for the Cameroons Development Corporation (Camdev) both in general and also as regards its relationship with CDC. Contact has been established with the Federal Government through the good offices of the West Cameroun Government and progress in agreeing modified arrangements has been encouraging.

(3) The 1961 achieved development programme of 7,369 acres (1960 5,135 acres), comprising 5,087 acres new planting and 2,282 acres replanting, was the largest in Camdev's history. Effective planted acreage at 31.12.61 was—

			1961	
	<i>Mature</i>	<i>Immature</i>	<i>Development</i>	<i>Total</i>
Bananas	8,881	723	1,159	10,763
Rubber	14,005	6,153	4,041	24,199
Oil palms	15,494	3,274	1,689	20,457
Cocoa	643	447	280	1,370
Tea	218	320	200	738
Pepper	44	—	—	44
	39,285	10,917	7,369	57,571

(4) All crops except cocoa did well; production of palm oil and rubber in particular showing significant increases. Banana shipments included a notable proportion of Lacatan and Giant Cavendish varieties now being tried on a field scale as alternative to Gros Michel which has been seriously affected by Panama Disease. Production of main crops with comparative figures for 1960 was—

		1961	1960
Bananas	(tons)	33,824	34,603
Rubber	(lb)	8,447,258	7,204,766
Palm oil	(tons)	6,230	4,749
Palm kernels	(tons)	2,400	2,150
Cocoa	(tons)	155	215
Tea	(lb)	183,249	101,370

(5) (a) Financial results for 1961 were—

	£	1961 £	£	1960 £
Trading surplus (deficit) on—				
Rubber		294,997		385,532
Bananas		254,565		138,058
Palm products		205,304		164,757
Other crops		(10,858)		7,836
Sale of planting material		26,241		32,740
Total trading surplus		770,249		728,923
Additional miscellaneous income (net)		157,115		130,937
		927,364		859,860
Less administrative expenses etc.	490,081		412,095	
depreciation	269,351		321,032	
loan interest	120,312	879,744	100,945	834,072
Net profit payable to West Cameroun Government		£47,620		£25,788

(b) cost of medical services, education and social welfare included in above figures is £211,953;

(c) improved results were principally due to higher receipts from bananas and palm products and to increased miscellaneous income;

(d) administrative expenses were higher due to the inclusion of security cost (£49,979) and grant to Provident Fund (£40,000) neither of which was applicable in 1960;

(e) in addition to net profit of £25,788 for 1960, which was paid to Southern Cameroons Government in 1961, Camdev also made direct payments to the Government of £69,000 in rent and loan interest plus a further £364,062 in import and export duties and sales tax.

(6) Camdev represents a large slice of the economy of West Cameroun and its fortunes are immediately affected by and affect general conditions in the territory. The fact that 1961 was such a successful year for Camdev must reflect great credit on all.

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CARIBBEAN REGION

- 1 *British Honduras*
- 2 *Jamaica*
- 3 *British West Indies Islands*
and including
Bahamas
- 4 *Trinidad*
- 5 *British Guiana*



COLONIAL DEVELOPMENT CORPORATION



FAR EAST REGION

- 1 *Hong Kong*
- 2 *Federation of Malaya*
- 3 *State of Singapore*
- 4 *Sarawak*
- 5 *Brunei*
- 6 *North Borneo*
- 7 *Fiji and the*
Western Pacific Islands

